



**JOINT MEETING OF THE
CITY COUNCIL OF THE CITY OF FRIENDSWOOD AND THE
BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER ONE, CITY OF FRIENDSWOOD
MONDAY, NOVEMBER 4, 2024, 5:30 P.M.
COUNCIL CHAMBERS, CITY HALL
910 S. FRIENDSWOOD DR., FRIENDSWOOD, TEXAS 77546**

AGENDA

1. CALL TO ORDER

2. INVOCATION

3. PLEDGE OF ALLEGIANCE - United States Pledge and State of Texas Pledge.

4. COUNCIL FOR A DAY

- A. Consider a proclamation declaring November 4, 2024, as Cline Elementary School Day in the City of Friendswood, Texas.

5. COUNCIL COMMENTS AND REPORTS

Notice is hereby given in accordance with Section 551.0415 of the Texas Government Code, the City Council of the City of Friendswood may receive reports about items of community interest from City staff and/or a member of the City Council, but no action or possible action shall be taken or discussed concerning the subject of such report.

6. PUBLIC COMMENT

To comply with the provisions of the Open Meetings Act, neither the City Council of the City of Friendswood nor the Board of Directors of Reinvestment Zone Number One, City of Friendswood may deliberate any item not listed on the agenda, as such, the City Council and the Board of Directors will listen to public comment and may (i) refer the item to City Management for further action or (ii) direct staff to place an item on a future agenda. During public comment, the public shall comply with the Council's rules of decorum.

7. CITY COUNCIL - REQUEST TO VACATE 10-FOOT WATERLINE EASEMENT IN JOYFUL PARK SUBDIVISION

- A. Conduct a public hearing regarding a request to vacate a 10-foot water line easement within the Joyful Park Subdivision, generally located at 2907 W Parkwood Avenue, said easement being an approximate 14,637.67 square-foot tract of land within Joyful Park, a subdivision in the Beaty, Seale, and Forwood Survey No. 5, Abstract 625 in Friendswood, Galveston County, Texas.
- B. Consider an ordinance vacating a 10-foot water line easement within the Joyful Park Subdivision, generally located at 2907 W Parkwood Avenue, said easement being an approximate 14,637.67 square-foot tract of land within Joyful Park, a subdivision in the Beaty, Seale, and Forwood Survey No. 5, Abstract 625 in Friendswood, Galveston County, Texas.

8. TIRZ #1 BOARD - BUSINESS ITEMS

- A. Consider the election of a Vice Chair, Secretary, and Assistant Secretary of the Board of Directors of Reinvestment Zone Number One, City of Friendswood.
- B. Consider approving Rules of Procedure of the Board of Directors of Reinvestment Zone Number One, City of Friendswood.
- C. Consider adopting the Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number One, City of Friendswood and submitting such plans to the City Council.
- D. Consider approving the TIRZ Development Agreement by and between Madison Development Corp., LLC, the City of Friendswood, and Reinvestment Zone Number One, City of Friendswood.

9. CITY COUNCIL - FRIENDSWOOD CITY CENTER PID / TIRZ #1

- A. Consider an ordinance approving the Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number One, City of Friendswood.
- B. Consider authorizing the Property Conveyance and License Agreement with the Clear Creek Independent School District concerning the conveyance of an electrical easement and property for detention facilities and a license for additional play field space and certain road improvements near Brookside Intermediate School.
- C. Consider authorizing the TIRZ Development Agreement with Madison Development Corp., LLC, and Reinvestment Zone Number One, City of Friendswood.
- D. Consider authorizing the License Assignment Agreement with Madison Development Corp., LLC, to make certain improvements to property owned by the Clear Creek Independent School District.
- E. Conduct a public hearing on the proposed assessments to be levied against certain property within the boundaries of the Friendswood City Center Public Improvement District.
- F. Consider authorizing the Friendswood City Center Public Improvement District Reimbursement Agreement with Madison Development Corp., LLC.
- G. Consider an ordinance approving the Service and Assessment Plan and the Assessment Roll for the Initial Major Improvements of the Friendswood City Center Public Improvement District (the "PID"); levying the Initial Major Improvement Assessments and establishing a lien against certain property within the PID; and containing other provisions related thereto.
- H. Consider an ordinance approving the Service and Assessment Plan and the Assessment Roll for the Additional Major Improvements of the Friendswood City Center Public Improvement District (the "PID"); levying the Additional Major Improvement Assessments and establishing a lien against certain property within the PID; and containing other provisions related thereto.
- I. Consider an ordinance authorizing the issuance and sale of the City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) for the purpose of paying a portion of the costs of authorized improvements within such district, and paying the costs of issuance of the bonds; and authorizing execution of all related documents.

10. CITY COUNCIL - CITY MANAGER'S REPORT

- A. Present an update regarding the City receiving our 36th GFOA Award for Excellence in Financial Reporting for our fiscal year 2023 Annual Comprehensive Financial Report.

- B. Recognize the City's Finance Department for receiving the Government Treasurers' Organization of Texas Investment Policy Certification of Distinction for the fifth time in a row.
- C. Receive an update regarding the City of Friendswood earning a 2024 Top Workplace Winner from the Houston Chronicle.
- D. Receive an update regarding the City's upcoming holiday events.
- E. Present an update regarding the City's Fall Haul event.
- F. Receive an update concerning City of Friendswood's Resolutions approved by the Membership of the Texas Municipal League.
- G. Present an overview of the Planning and Zoning Ad Hoc Subcommittee's report regarding parking standards.

11. CITY COUNCIL - PROPOSED ORDINANCES & RESOLUTIONS

- A. Consider an ordinance amending the City's General Budget for Fiscal Year 2024-2025 by approving "Budget Amendment II" and providing for supplemental appropriation and/or transfer of certain funds.
- B. Consider on first reading an ordinance amending Appendix D "Schedule of Fees, Rates, Charges, Deposits, Bond and Insurance Amounts" of the Friendswood City Code to update certain fees.

12. CITY COUNCIL - CONSENT AGENDA

All Consent Agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

- A. Consider a resolution designating the Civil Rights Officer and Labor Standards Officer as well as their respective alternates for Community Development Block Grant Projects and for American Rescue Plan Act Projects.
- B. Consider authorizing a Professional Services Agreement with Kimley-Horn and Associates, Inc., for the Lift Station No. 2 Rehabilitation Project.
- C. Consider ratifying the City Manager's signature and authorizing an agreement with Westbrook Contractors, LLC, for the emergency repair of the sinkhole located at 4443 and 4439 Ravine Drive and the associated storm sewer infrastructure.
- D. Consider approving the purchase of two 2023 Ford F150 service trucks for the Public Works Department from Silsbee Ford through The Interlocal Purchasing System (TIPS) Contract No. 210907.
- E. Consider approving the purchase of a 2024 Ford F250 3/4-ton service truck for the Public Works Department from Silsbee Ford through The Interlocal Purchasing System (TIPS) Contract No. 210907.
- F. Consider approving the purchase of a 2024 Ford F350 one-ton service vehicle for the Public Works Department from Silsbee Ford through The Interlocal Purchasing System (TIPS) Contract No. 210907.
- G. Consider approving the purchase of emergency medical supplies from Life Assist Inc., and Bound Tree Medical, LLC, through the Texas Local Government Purchasing Cooperative (BuyBoard) Contract Nos. 698-23 and 704-23.
- H. Consider authorizing the disposal of a decommissioned Friendswood Volunteer Fire Department vehicle through Public Surplus.

- I. Consider authorizing a Pension System Contract Amendment with the Texas Emergency Services Retirement System on behalf of the Friendswood Volunteer Fire Department to increase the monthly contribution rate for the Department's pension.
- J. Consider authorizing the Friendswood Downtown Economic Development Corporation to expend funds for the design and placement of artwork on traffic control boxes in the City of Friendswood's Downtown District and authorizing an Art Services Agreement with UP Art Studio, LLC, for such services.
- K. Consider approving the ad valorem tax report for September 2024.
- L. Consider approving the minutes of the City Council Regular Meeting held on October 7, 2024.

13. ADJOURNMENT

PUBLIC NOTICE IS GIVEN THAT IN ADDITION TO ANY EXECUTIVE SESSION LISTED ABOVE, THE CITY COUNCIL AND THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER ONE, CITY OF FRIENDSWOOD RESERVE THE RIGHT TO ADJOURN INTO EXECUTIVE SESSION AT ANY TIME AS AUTHORIZED BY THE TEXAS GOVERNMENT CODE SECTIONS 551.071 - 551.090 TO DISCUSS ANY MATTERS LISTED ABOVE.

THE CITY OF FRIENDSWOOD AND REINVESTMENT ZONE NUMBER ONE, CITY OF FRIENDSWOOD ARE COMMITTED TO COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT. REASONABLE ACCOMMODATIONS AND EQUAL ACCESS TO COMMUNICATIONS WILL BE PROVIDED UPON REQUEST. PLEASE CONTACT THE CITY SECRETARY'S OFFICE BY PHONE AT (281) 996-3270, FAX (281) 482-1634, OR CONTACT (281) 996-3270 VIA RELAY TEXAS AT 711 OR 1-800-735-2988 FOR TTY SERVICES. FOR MORE INFORMATION CONCERNING RELAY TEXAS, PLEASE VISIT: [HTTP://RELAYTEXAS.COM](http://RELAYTEXAS.COM).



Leticia Brysch, City Secretary

Posted in compliance with the Open Meetings Act on this 31st day of October 2024, at 5:30p.m.



FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/13/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider a proclamation declaring November 4, 2024, as Cline Elementary School Day in the City of Friendswood, Texas.

Originating Department: City Secretary

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The City of Friendswood's Kids' Council for a Day (the "Kids' Council") allows students to step up to the dais to replace the council and staff in order to take part in a mock governance simulation. This item will allow the selected second-grade students from Cline Elementary to participate in the Kid's Council in order to declare November 4, 2024, as Cline Elementary School Day in the City of Friendswood, Texas.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Proclamation - Cline Elementary Day - 11-04-2024

City of Friendswood
Office of the Mayor



PROCLAMATION

I, Mike Foreman, by virtue of the authority vested in me as Mayor of the City of Friendswood, do hereby proclaim November 4, 2024, as

CLINE ELEMENTARY DAY

WHEREAS, Cline Elementary takes pride in its excellent teachers, support staff and parent volunteers who make up its learning community, which celebrates each child's unique gifts; and

WHEREAS, at Cline Elementary, the learning community believes that Music, Art, Physical Education, Library, Technology, and Character Development are integral in developing the whole child; and

WHEREAS, education is the key to a successful life, and the staff at Cline Elementary is dedicated to providing the children of Cline Elementary with a quality education in a safe environment; and

WHEREAS, the children at Cline Elementary are engaged learners and Bucket Fillers;

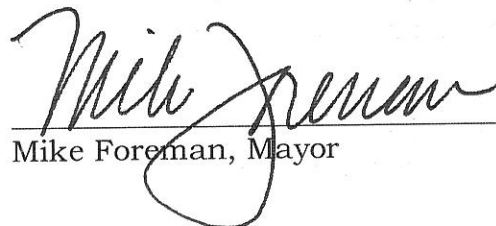
NOW, THEREFORE, I, Mike Foreman, the Mayor of the City of Friendswood, do hereby proclaim November 4, 2024, as

CLINE ELEMENTARY DAY

in the City of Friendswood, Texas.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Seal of the City of Friendswood, this 4th day of November 2024.




Mike Foreman, Mayor

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Originating Department: Community Development

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This public hearing allows City Council to receive public comments regarding a request to vacate a 10-foot public waterline easement. The Joyful Park Subdivision plat was recorded in 2022 and dedicated a public 10-foot waterline easement down the side and across the rear of the property. In the process of developing more detailed utility connections for the property, it was determined that boring under FM 528 to connect to the existing water system was more feasible, which rendered the dedicated easement unnecessary. Additionally, the easement is a significant hindrance to the new landscaping and drainage plans for the property. Therefore, the owner is requesting to abandon the designated portions of the public waterline easements. The 10' foot public waterline easement along the front of the property running parallel to FM 528 will remain.

The legal notice was published on September 18, 2024, and the property owners abutting the easement were notified of the public hearings.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

Abandoning the easement will aid in the development of the property in regards to landscaping and drainage.

RECOMMENDATIONS

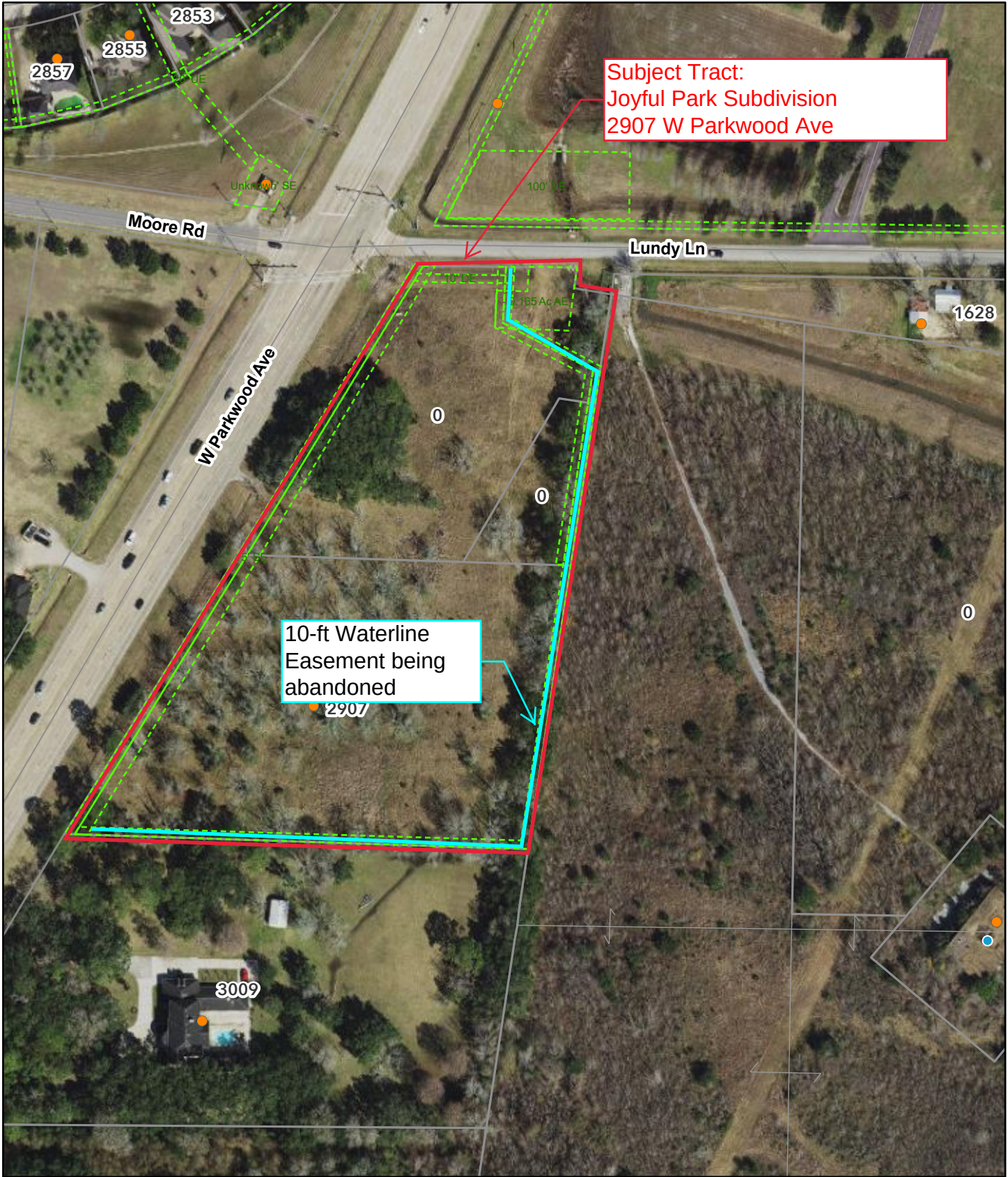
At the Planning and Zoning Commission meeting held October 10, 2024, the City of Friendswood Planning and Zoning Commission voted 5-0 (Chairman Hinckley and Commissioner Sasson were absent) on a motion to approve the request to vacate the 10-foot public waterline easement. See attached final report.

ATTACHMENTS

1. Aerial Map_2907 W Parkwood Ave
2. Exhibit_2907 W Parkwood Ave
3. Joyful Park Recorded Plat
4. Location Map_2907 W Parkwood Ave
5. Staff Report_2907 W Parkwood Ave

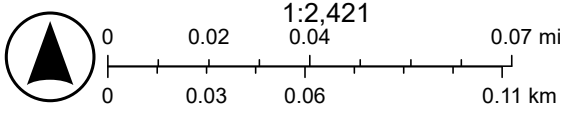
6. Zoning Map_2907 W Parkwood Ave
7. 2907 W Parkwood Ave PZ Final Report 10-21-2024

City of Friendswood



9/4/2024, 4:00:45 PM

- Address Points
- City Limit
- Easements
- GCAD Lot lines
- OSSFs
- DEAD
- Parcels (grey)
- Streets



Houston- Galvesotn Area Council

FRIENDSWOOD SPORTS ARENA
CITY OF FRIENDSWOOD
P.O. BOX 10110
FRIENDSWOOD, TX 77441-0110
TEL: 281-261-1011
FAX: 281-261-1012

F.M. 528
 HQ. 180° R.O.W.
 G.C.C.F. HQ. 8627433

TBM "A" 

N 29°09'51" E 692.36'

X: 3,170,319.9354 (GRID)
Y: 13,238,341.7307 (GRID)

LUNDY LANE
R.O.W. VARIES

①
UNRESTRICTED RESERVE "A"
2.6052 AC. / 113,481 SQ. FT.

**UNRESTRICTED
RESERVE "B"**
0.4882 AC.
21,178 SQ. FT.

①
UNRESTRICTED RESERVE "C"
4.5000 AC. / 196,020 SQ. FT.

10' Water Line Easement to be Vacated

CALL 45.273 ACRES
CORDERO GROUP, LLC
G.C.C.F. NO. 2014052504

LOT 9
VAN PELT SUBDIVISION
VOL. 238, PG. 26, G.C.D.R.

P.O.B.
FND 5/8" IR
X: 3,162,897.9465 (GRID)
Y: 13,737,579.9395 (GRID)

CAMELL R. ALLISON AND DOROTHY P. ALLISON
G.C.C.F. NO. 9631466

2047
X) 3,170,507.6762 (GRID)
Y) 13,737,583.3346 (GRID)

COUNTY OF GALVESTON

We, SBC Commercial XXII, LLC, a Texas limited liability company, acting by and through Jeff Beard, Manager, hereinafter referred to as the owners of the 7.6430 acre tract described in the above and foregoing map of JOYFUL PARK, do hereby make and establish said subdivision and development plan of said property on behalf of SBC Commercial XXII, LLC, a Texas limited liability company, according to lines, dedications, restrictions and notations on said maps or plat and hereby dedicate to the use of the public forever, all streets (except those streets designated as private streets), alleys, parks, water courses, drains, easements and public places shown thereon for the purposes and considerations therein expressed; and do hereby bind ourselves, our heirs, successors and assigns to warrant and forever defend the title to the land so dedicated.

Further, we do hereby certify that we are owners of all property adjacent to the boundaries of this plat where public utility and/or drainage easements are to be established outside the boundaries of the above and foregoing plat and do dedicate to the use of public forever easements shown in said adjacent acreage.

Further, we do hereby covenant and agree that all of the property within the boundaries of this plat and adjacent to any drainage easement, ditch, gully, creek or natural drainage way shall hereby be restricted to keep such drainage ways and easements clear of fences, buildings, planting and other obstructions to the operations and maintenance of the drainage facility and that such obutting property shall not be permitted to drain directly in the easement except by means of an approved drainage structure.

IN TESTIMONY WHEREOF, SBC Commercial XXII, LLC, a Texas limited liability company, has caused these presents to be signed by Jeff Beard, Manager, thereunto authorized, and its common seal thereunto affixed, this the 12th day of October, 2022.

SBC Commercial XXII, LLC, a Texas limited liability company

Jeff Beard
Jeff Beard,
Manager

STATE OF TEXAS
COUNTY OF MONTGOMERY

BEFORE ME, the undersigned authority, on this day personally appeared Jeff Beard, Manager, of SBC Commercial XXII, LLC, a Texas limited liability company known to me to be company the persons whose names are subscribed to the foregoing instrument and acknowledgment to me that they executed the same for the purposes and considerations therein expressed, and in the capacity herein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 12th day of October, 2022.

Notary Public in and for the State of Texas
SEPTEMBER 18, 2023
My Commission Expires:

I, Lisa M. Dobrowski, am registered under the laws of the State of Texas to practice the profession of surveying and hereby certify that all bearings, distances, and other associated boundary information on the above subdivision is true and correct and forms a mathematical closure greater than 1:10,000; was prepared from an actual survey of the property made under my supervision on the ground; that all boundary corners, angle points, points of curvature and other points of reference have been marked with iron (or other suitable permanent metal) pipes or rods having an outside diameter of not less than three-quarter inch and a length of not less than three (3) feet; and that the plat boundary corners have been tied to the nearest survey corner.

Lisa M. Dobrowski
Lisa M. Dobrowski
Texas Registration No. 6544

I, Jildardo Arias, P.E., CFM, City Engineer and Director of Engineering of the City of Friendswood, Texas, do hereby certify that the plat of this subdivision complies with all of the existing rules and regulations of this office as adopted by the City of Friendswood, Texas and further it complies with all the ordinances as currently adopted by City Council.

Jildardo Arias, P.E., CFM
Jildardo Arias, P.E., CFM
City Engineer/Director of Engineering

This is to certify that the Planning and Zoning Commission of the City of Friendswood, Texas, has approved this plat and subdivision of JOYFUL PARK in conformance with all of the existing rules and regulations of the City as adopted by the City Council and authorized the recording of this plat this 15 day of November, 2022.

Becky Bennett
Becky Bennett, Development Coordinator

Joe Mitranga
Joe Mitranga, Chairman

I, Dwight D. Sullivan, County Clerk of Galveston County, Texas do hereby certify that the written instrument was filed for record in my office on November 10th 2022 at 2:17 o'clock P.M., and duly recorded on November 10th 2022 at 2:17 o'clock P.M., Instrument # 2022070741 Galveston County Records.

Witness my hand and seal of office, at Galveston, Texas, the day and date last above written.

Dwight D. Sullivan
County Clerk of
Galveston County, Texas

Debra Clark
Debra Clark

DESCRIPTION

A TRACT OR PARCEL CONTAINING 7.643 ACRES OR 332,916 SQUARE FEET OF LAND BEING THE SAME CALLED 7.5785 ACRE TRACT DESCRIBED IN DEED TO SALLYE M. STAPLETON, AS RECORDED UNDER G.C.C.F. NO. 2005028037, AND PART OF A CALLED 1.735 ACRE TRACT DESCRIBED IN DEED TO LOUIE WILLY LUNDY AND WIFE, KATHRYN LUNDY, AS RECORDED UNDER G.C.C.F. NO. 2007048100, LOCATED IN THE CITY OF FRIENDSWOOD, GALVESTON COUNTY, TEXAS, WITH SAID 7.643 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS WITH ALL BEARINGS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE (NAD 83):

BEGINNING AT A 5/8 INCH IRON ROD FOUND ON THE SOUTHEAST RIGHT-OF-WAY (R.O.W.) LINE OF F.M. 528 (800 FEET WIDE) AS RECORDED UNDER VOL. 979, PG. 3, GALVESTON COUNTY DEED RECORDS (G.C.C.F. NO. 8927433 FOR THE NORTHWEST CORNER OF A CALLED 6.4953 ACRE TRACT DESCRIBED IN DEED TO CAMELL R. ALLISON AND DOROTHY P. ALLISON AS RECORDED UNDER G.C.C.F. NO. 9631466 AND THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE NORTH 29 DEG. 09 MIN. 51 SEC. EAST, ALONG THE SOUTHEAST R.O.W. LINE OF SAID F.M. 528, A DISTANCE OF 692.36 FEET TO A CAPPED 5/8 INCH IRON ROD STAMPED "WINDROSE" SET FOR THE BEGINNING OF A CURVE TO THE LEFT;

THENCE CONTINUING ALONG THE SOUTHEAST R.O.W. LINE OF SAID F.M. 528 AND WITH SAID CURVE TO THE LEFT, HAVING A RADIUS OF 5,819.98 FEET, A CENTRAL ANGLE OF 01 DEG. 45 MIN. 32 SEC., AN ARC LENGTH OF 176.64 FEET AND A CHORD BEARING AND DISTANCE OF NORTH 28 DEG. 17 MIN. 05 SEC. - 176.63 FEET TO THE INTERSECTION OF THE SOUTH R.O.W. LINE OF LUNDY LANE (R.O.W. VARIES) AND THE SOUTHEAST LINE OF SAID F.M. 528, FOR THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 83 DEG. 34 MIN. 09 SEC. EAST, ALONG THE SOUTH R.O.W. OF SAID LUNDY LANE, A DISTANCE OF 1217 FEET TO A CAPPED 5/8 INCH IRON ROD STAMPED "WINDROSE" SET FOR THE WESTERLY CORNER OF A SAID 1.735 ACRE, SAME BEING AN ANGLE POINT OF THE HEREIN DESCRIBED TRACT;

THENCE NORTH 88 DEG. 49 MIN. 52 SEC. EAST, CONTINUING ALONG THE SOUTH R.O.W. OF SAID LUNDY LANE, A DISTANCE OF 209.67 FEET TO A CAPPED 5/8 INCH IRON ROD STAMPED "WINDROSE" SET FOR THE NORTH CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 06 DEG. 25 MIN. 51 SEC. WEST, OVER AND ACROSS SAID 1.735 ACRE TRACT, A DISTANCE OF 27.73 FEET TO A CAPPED 5/8 INCH IRON ROD STAMPED "WINDROSE" SET ON THE COMMON LINE OF SAID 1.735 ACRE TRACT AND SAID 7.5785 ACRE TRACT, FOR AN INTERIOR CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 83 DEG. 34 MIN. 09 SEC. EAST, ALONG A RESSAD COMMON LINE, A DISTANCE OF 54 FEET TO A 1/2 INCH IRON ROD FOUND FOR THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 06 DEG. 25 MIN. 51 SEC. WEST, ALONG THE COMMON LINE OF SAID 45.273 ACRE TRACT AND SAID 7.5785 ACRE TRACT, SAME BEING THE WEST LINE OF SAID LOT 8, A DISTANCE OF 332.89 FEET TO A 1/2 INCH IRON ROD FOUND FOR THE NORTHEAST CORNER OF SAID CALLED 6.4953 ACRE TRACT AND THE SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH 89 DEG. 40 MIN. 51 SEC. WEST, ALONG THE COMMON LINE OF SAID 6.4953 ACRE TRACT AND SAID 7.5785 ACRE TRACT, A DISTANCE OF 609.82 FEET TO THE PLACE OF BEGINNING AND CONTAINING 7.643 ACRES OR 332,916 SQUARE FEET OF LAND.

GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT NOTES

- Buildings, fences, or other permanent improvements shall not be erected in GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT (the DISTRICT) right-of-way or drainage easements.
- The detention and drainage facilities are to be maintained by the property owner unless all requirements mentioned in Note # 3 have been satisfied and the District has accepted the facility for maintenance.
- The detention facility is to be maintained by the DISTRICT provided that the DISTRICT has approved the construction of the facility, the developer has paid the required fee, the site and access has been deemed to the DISTRICT in fee, and subject to approval by the Board.
- No building permit shall be issued for any lot within this subdivision until a detention and drainage plan has been approved by the DISTRICT. Construction of detention improvements shall precede the construction of impervious cover on site.
- Additional drainage easements may be required at the time a drainage plan is submitted to the DISTRICT for approval.
- Plantings, flowerbeds, or other landscaping is not permitted within side lot drainage or detention easements.
- No building permit shall be applied for until all drainage and detention facilities are constructed, inspected, and approved by the DISTRICT.
- No permanent improvements including landscaping, paving, trees, sprinklers, utilities, playground equipment, park benches, tables, sport fields, piers, or sidewalks shall be constructed within the detention facility (including maintenance terms) without specific, prior approval of the District.

Approved by the GALVESTON COUNTY CONSOLIDATED DRAINAGE DISTRICT

Director
Director
10-25-22
Date
10-25-22
Date

This is to certify that the above was signed based on the recommendation of the District's Engineer having reviewed all sheets provided and found them to be in general compliance with the District's Drainage Criteria Manual. This approval is only valid for three hundred sixty-five (365) calendar days. Please note that this does not necessarily mean that the plat has been completely checked and verified. The plat as submitted, was prepared, signed, and sealed by a Professional Land Surveyor licensed to practice surveying for the State of Texas, which conveys responsibility and accountability to that Surveyor.

GCDD Reference ID G200010

ABBREVIATIONS

FND - FOUND
IP - IRON PIPE
IR - IRON ROD
IRC - CAPPED IRON ROD
G.C.C.F. - GALVESTON COUNTY CLERK FILE
G.C.D.R. - GALVESTON COUNTY DEED RECORDS
G.C.M.R. - GALVESTON COUNTY MAP RECORDS
NO. - NUMBER
VOL. - VOLUME
PG. - PAGE
R.O.W. - RIGHT-OF-WAY
SQ. FT. - SQUARE FEET
S.S.E. - SANITARY SEWER EASEMENT
STM.S.E. - STORM SEWER EASEMENT
D.E. - DRAINAGE EASEMENT
U.E. - UTILITY EASEMENT
M.U.E. - MUNICIPAL UTILITY EASEMENT
W.L.E. - WATER LINE EASEMENT
S.L.E. - STREET LIGHT EASEMENT
A.E. - AERIAL EASEMENT
B.L. - BUILDING LINE
EMT - EASEMENT
SET - SET
CAPPED 3/4" IR "WINDROSE"
**LP

WE HOMEOWNERS ASSOCIATION
G.C.C.F. NO. 2005028037

RESERVE "B"
WINDSOR ESTATES
SECTION ONE
PR. 18, MN. 711, G.C.M.R.

RESERVES "A" AND "B" OF
FRIENDSWOOD COMMUNITY CHURCH
REPLAT NO. 1
VOL. 2005A, PG. 17, G.C.M.R.

CALLLED 1.670 ACRES
TODD ALAN LANDER
G.C.C.F. NO. 202105782

CALLLED 45.273 ACRES
G.C.C.F. NO. 201402504

CALLLED 6.4953 ACRES
CAMELL R. ALLISON AND DOROTHY P. ALLISON
G.C.C.F. NO. 9631466

CALLLED 6.4953 ACRES
CAMELL R. ALLISON AND DOROTHY P. ALLISON
G.C.C.F. NO. 9631466

CALLLED 6.4953 ACRES
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WE HOMEOWNERS ASSOCIATION
G.C.C.F. NO. 2005028037

RESERVE "B"
WINDSOR ESTATES
SECTION ONE
PR. 18, MN. 711, G.C.M.R.

RESERVES "A" AND "B" OF
FRIENDSWOOD COMMUNITY CHURCH
REPLAT NO. 1
VOL. 2005A, PG. 17, G.C.M.R.

CALLLED 1.670 ACRES
TODD ALAN LANDER
G.C.C.F. NO. 202105782

CALLLED 45.273 ACRES
G.C.C.F. NO. 201402504

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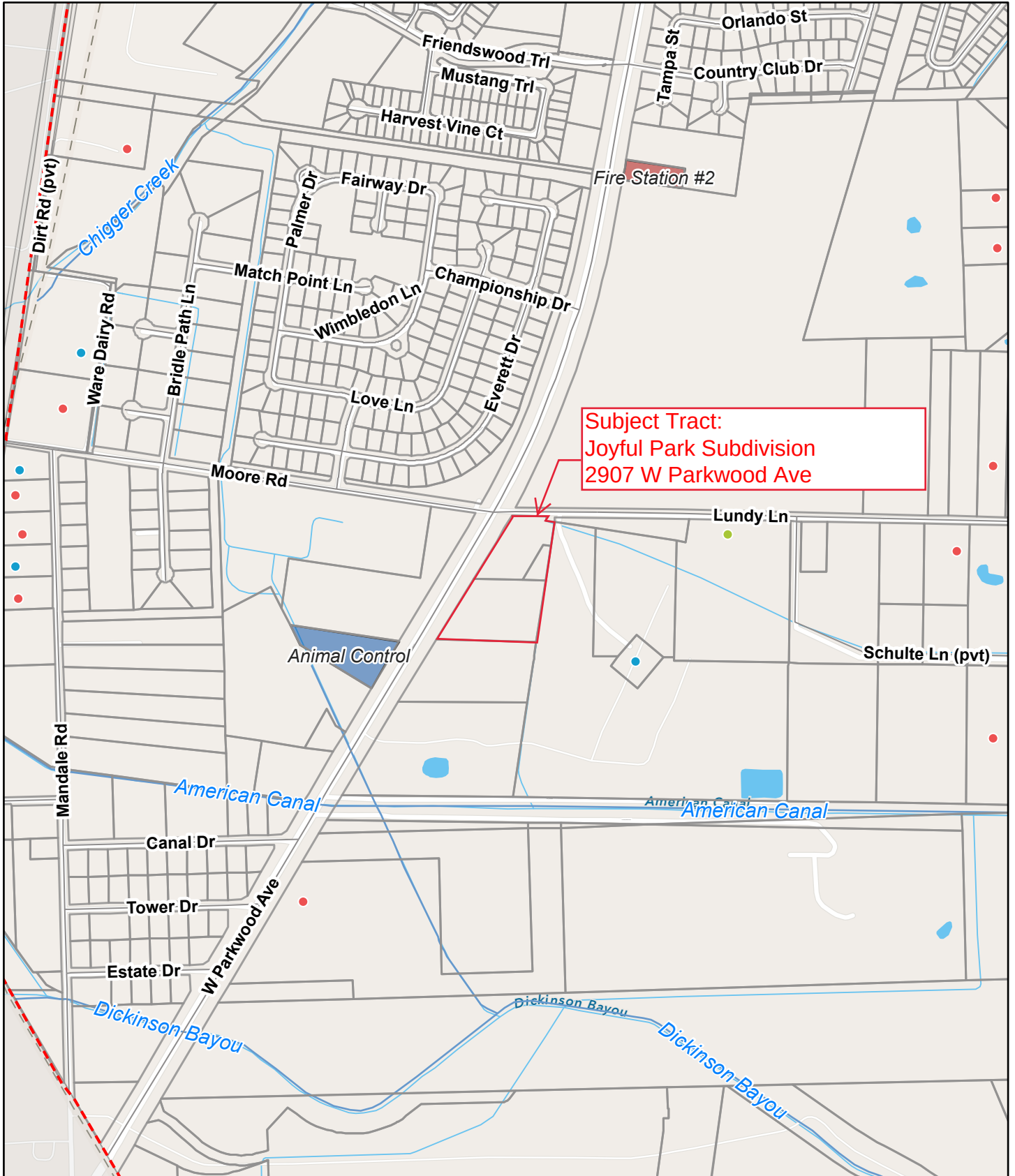
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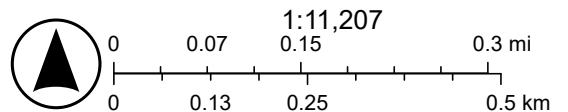
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City of Friendswood



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Esri Community Maps Contributors, Texas Parks & Wildlife, CONANP, Esri, TomTom, Garmin, Foursquare, SafeGraph, GeoTechnologies, Inc, METI/ NASA, USGS, EPA, NPS, US Census Bureau, USDA, USFWS



Staff Report

October 2024

Location: 2907 W Parkwood Avenue

Legal: Approximate 14,637.67 square foot tract of land within Joyful Park, a subdivision in the Beaty, Seale, and Forwood Survey No. 5, Abstract 625 of the map records of Galveston County in Friendswood, Galveston County, Texas

Project: Joyful Park Subdivision

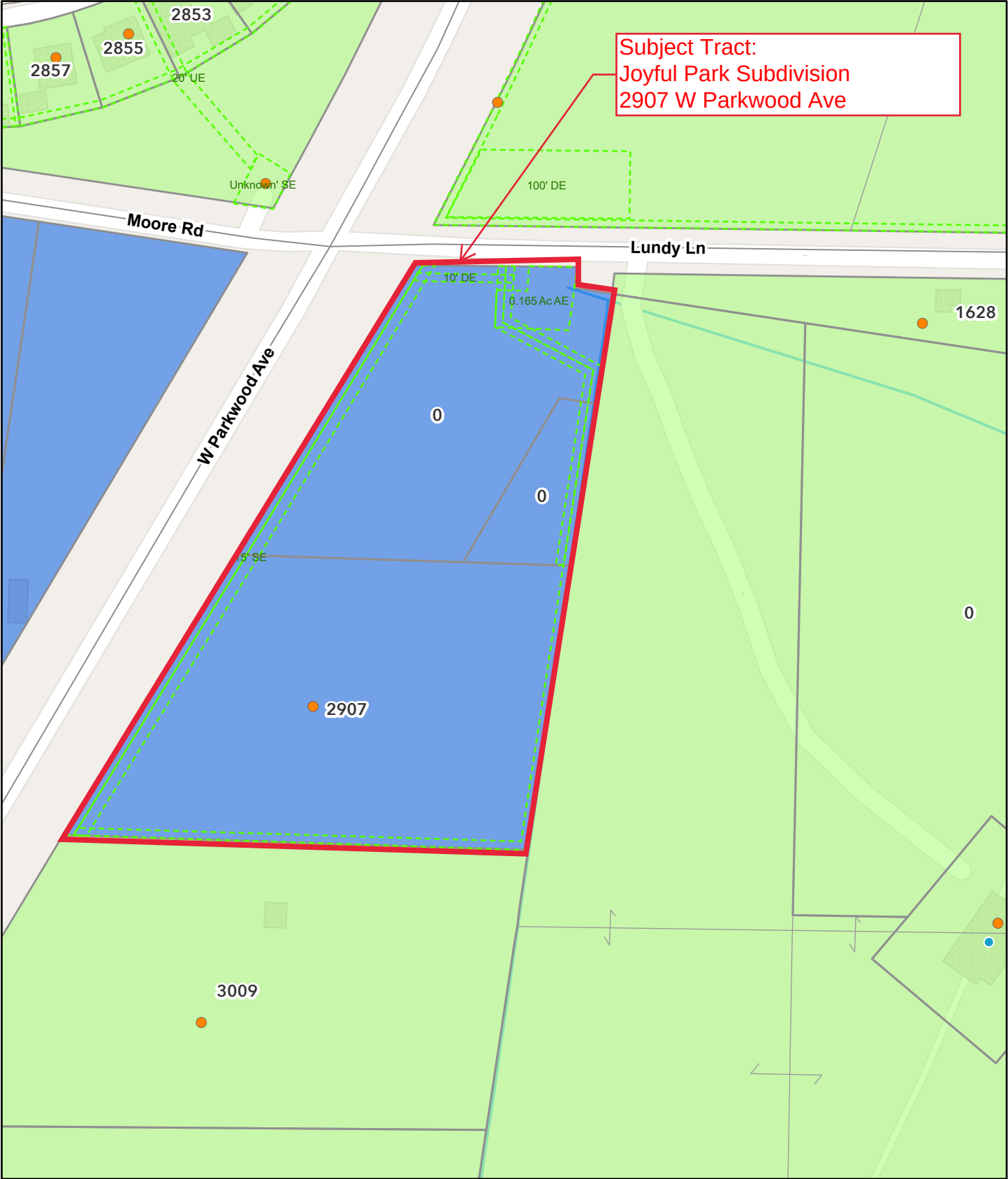
Request: A request to vacate a 10-foot water line easement within the Joyful Park Subdivision, generally located at 2907 W Parkwood Ave, said easement being an approximate 14,637.67 square foot tract of land within Joyful Park, a subdivision in the Beaty, Seale, and Forwood Survey No. 5, Abstract 625 of the map records of Galveston County in Friendswood, Galveston County, Texas.

Existing Use/Site Attributes

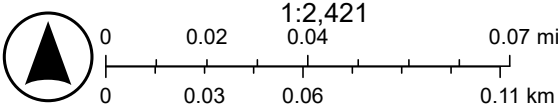
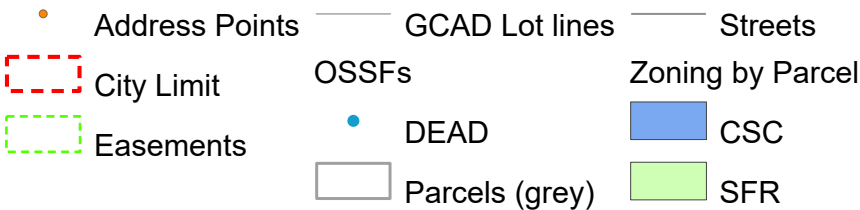
The Joyful Park Subdivision was recorded in 2022 and dedicated a 10-foot public waterline easement down the side and across the rear of the property. In the process of developing more detailed utility connections for the property, it was determined that boring under FM 528 to connect to the existing water system was more feasible, which rendered the dedicated easement unnecessary. Additionally, the easement is a significant hindrance to the new landscaping and drainage plans for the property, therefore, the owner is requesting to abandon the designated portions of the public waterline easements. No utilities were ever installed in the easement and it would not benefit any nearby owners. The 10-foot public waterline easement along the front of the property running parallel to FM 528 will remain.

The application was reviewed by staff in Public Works, Engineering, and Planning and staff recommends granting the request to abandon the easement.

City of Friendswood



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Planning & Zoning Commission
Final Report

To: Mayor and City Council
From: Thomas Hinckley, Planning & Zoning Commission Chairman
Aubrey Harbin, Director of Community Development/Planner
Date: October 21, 2024
Re: Request to vacate a 10-foot water line easement within the Joyful Park Subdivision, generally located at 2907 W Parkwood Avenue

TH (AH)

At the Planning and Zoning Commission meeting held October 10, 2024, the City of Friendswood Planning and Zoning Commission voted 5-0 (Chairman Hinckley and Commissioner Sasson were absent) on a motion to approve the request to vacate the 10-foot public waterline easement.

The waterline was dedicated by plat in 2022 down the side and across the rear of the property. In the process of developing more detailed utility connections for the property, it was determined that boring under FM 528 to connect to the existing water system was more feasible, which rendered the dedicated easement unnecessary. Abandoning the easement will also allow for drainage and landscaping to be adequately provided on the property.

No public comments either in favor or in opposition of the request were received. The Commission is forwarding a positive recommendation.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/13/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider an ordinance vacating a 10-foot water line easement within the Joyful Park Subdivision, generally located at 2907 W Parkwood Avenue, said easement being an approximate 14,637.67 square-foot tract of land within Joyful Park, a subdivision in the Beaty, Seale, and Forwood Survey No. 5, Abstract 625 in Friendswood, Galveston County, Texas.

Originating Department: Community Development

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The Joyful Park Subdivision plat was recorded in 2022 and dedicated a public 10-foot waterline easement down the side and across the rear of the property. In the process of developing more detailed utility connections for the property, it was determined that boring under FM 528 to connect to the existing water system was more feasible, which rendered the dedicated easement unnecessary. Additionally, the easement is a significant hindrance to the new landscaping and drainage plans for the property. Therefore, the owner is requesting to abandon the designated portions of the public waterline easements.

This proposed ordinance vacates a 10-foot public waterline easement located at 2907 W Parkwood Avenue and directs the Mayor to execute the attached quitclaim deed. The 10' foot public waterline easement along the front of the property running parallel to FM 528 will remain.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

Abandoning the easement will aid in the development of the property in regards to landscaping and drainage.

RECOMMENDATIONS

At the Planning and Zoning Commission meeting held October 10, 2024, the City of Friendswood Planning and Zoning Commission voted 5-0 (Chairman Hinckley and Commissioner Sasson were absent) on a motion to approve the request to vacate the 10-foot public waterline easement. See documents attached under the public hearing item.

ATTACHMENTS

1. Ordinance - Vacating a Waterline Easement
2. Exhibit A - Location of Abandoned Waterline Easement
3. Exhibit B - Quitclaim - Abandoned Waterline Easement

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, AUTHORIZING THE VACATION OF A 10-FOOT WATER LINE EASEMENT WITHIN THE JOYFUL PARK SUBDIVISION, GENERALLY LOCATED AT 2907 W PARKWOOD AVENUE, SAID EASEMENT BEING AN APPROXIMATE 14,637.67 SQUARE-FOOT TRACT OF LAND WITHIN JOYFUL PARK, A SUBDIVISION IN THE BEATY, SEALE, AND FORWOOD SURVEY NO. 5, ABSTRACT 625 IN FRIENDSWOOD, GALVESTON COUNTY, TEXAS; AUTHORIZING THE MAYOR TO EXECUTE A QUITCLAIM DEED; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.

WHEREAS, the Joyful Park Subdivision plat, which was recorded in 2022, included the dedication of a public 10-foot waterline easement down the side and across the rear of the property generally located at 2907 W Parkwood Avenue, said easement being an approximate 14,637.67 square-foot tract of land within Joyful Park, a subdivision in the Beaty, Seale, and Forwood Survey No. 5, Abstract 625 in Friendswood, Galveston County, Texas, and more particularly depicted in Exhibit "A" which is attached hereto and incorporated herein for all intents and purposes (the "Easement"); and

WHEREAS, in the process of developing more detailed utility connections for the subdivision, it was determined that boring under FM 528 to connect to the existing water system was more feasible, which rendered the Easement unnecessary; and

WHEREAS, the Easement is a significant hindrance to the new landscaping and drainage plans for the property; therefore, BASG Friendswood, LLC, the owner of the property abutting the Easement (the "Petitioner") has requested the City of Friendswood to abandon the Easement; and

WHEREAS, on September 18, 2024, the City published notice of the public hearings to be held before the Planning and Zoning Commission and the City Council; and

WHEREAS, on October 10, 2024, the Planning and Zoning Commission, after conducting a public hearing at which any person desiring to speak regarding the vacation of the Easement was given an opportunity to do so, voted to recommend the City vacate the Easement; and

WHEREAS, on November 4, 2024, the City Council, after conducting a public hearing at which any person desiring to speak regarding the vacation of the Easement was given the opportunity to do so, determined that (i) the City had not made an actual appropriation of the Easement by entry, use or improvement, (ii) the public convenience will not be harmed by such vacation, and (iii) the Easement should be vacated; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. That the findings and recitations set out in the preamble to this ordinance are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all intents and purposes.

Section 2. That the City Council of the City of Friendswood, Texas, hereby authorizes the vacation of the Easement and authorizes the Mayor to execute a quitclaim deed, a copy of which is attached hereto as Exhibit "B" and made a part hereof for all intents and purposes.

Section 3. This ordinance shall take effect immediately from and after its passage by the City Council of the City of Friendswood.

INTRODUCED, READ and PASSED on first and final reading by the affirmative vote of the City Council of the City of Friendswood on this the 4th day of November, 2024.

MIKE FOREMAN, Mayor

ATTEST:

LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney

EXHIBIT "A"

The southern and eastern portions of a 10-foot waterline easement totaling approximately 14,637.67 square-foot tract of land within Joyful Park, a subdivision in the Beaty, Seale, and Forwood Survey No. 5, Abstract 625 in Friendswood, Galveston County, Texas, according to the map or plat thereof recorded as Instrument Number 2022070747, depicted as follows:

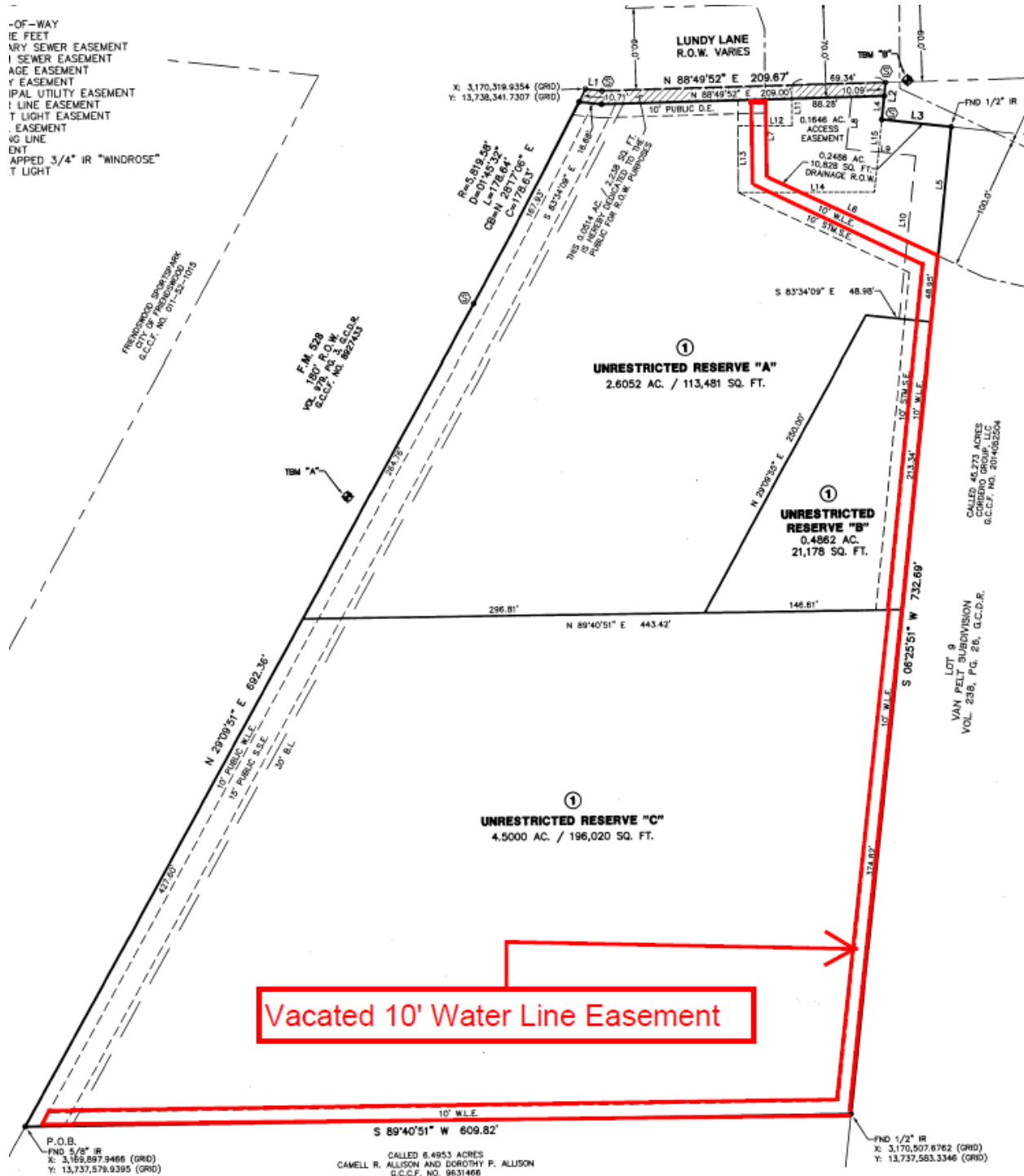


Exhibit "B"

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

QUITCLAIM DEED

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF GALVESTON §

THAT the CITY OF FRIENDSWOOD, a home-rule municipality located in Galveston and Harris Counties, Texas, as Transferor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid by the GRANTEE herein named, the receipt and sufficiency of which are hereby acknowledged and confessed, QUITCLAIMS, TRANSFERS, AND ASSIGNS to BASG Friendswood, LLC, as Transferee, all Transferor's right, title, and interest in and to the property described in Exhibit "A," which is attached hereto and incorporated herein for all intents and purposes.

TO HAVE AND TO HOLD all of Transferor's right, title, and interest in and to the Property, together with all and singular the rights and appurtenances belonging in any way to Transferor, by Transferee and Transferee's successors and assigns forever. Neither Transferor nor Transferor's successors or assigns shall have, claim, or demand any right, title, or interest in all or any part of the Property.

EXECUTED this the 4th day of November, 2024.

TRANSFEROR
CITY OF FRIENDSWOOD

BY: _____
MIKE FOREMAN, Mayor

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

Before me, _____, the undersigned notary public, on this day personally appeared Mike Foreman, the Mayor of the City of Friendswood, Texas, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed on behalf of the City of Friendswood in the capacity stated.

SUBSCRIBED AND SWORN before me, this 4th day of November, 2024.

Notary Public in and for the State of
Texas

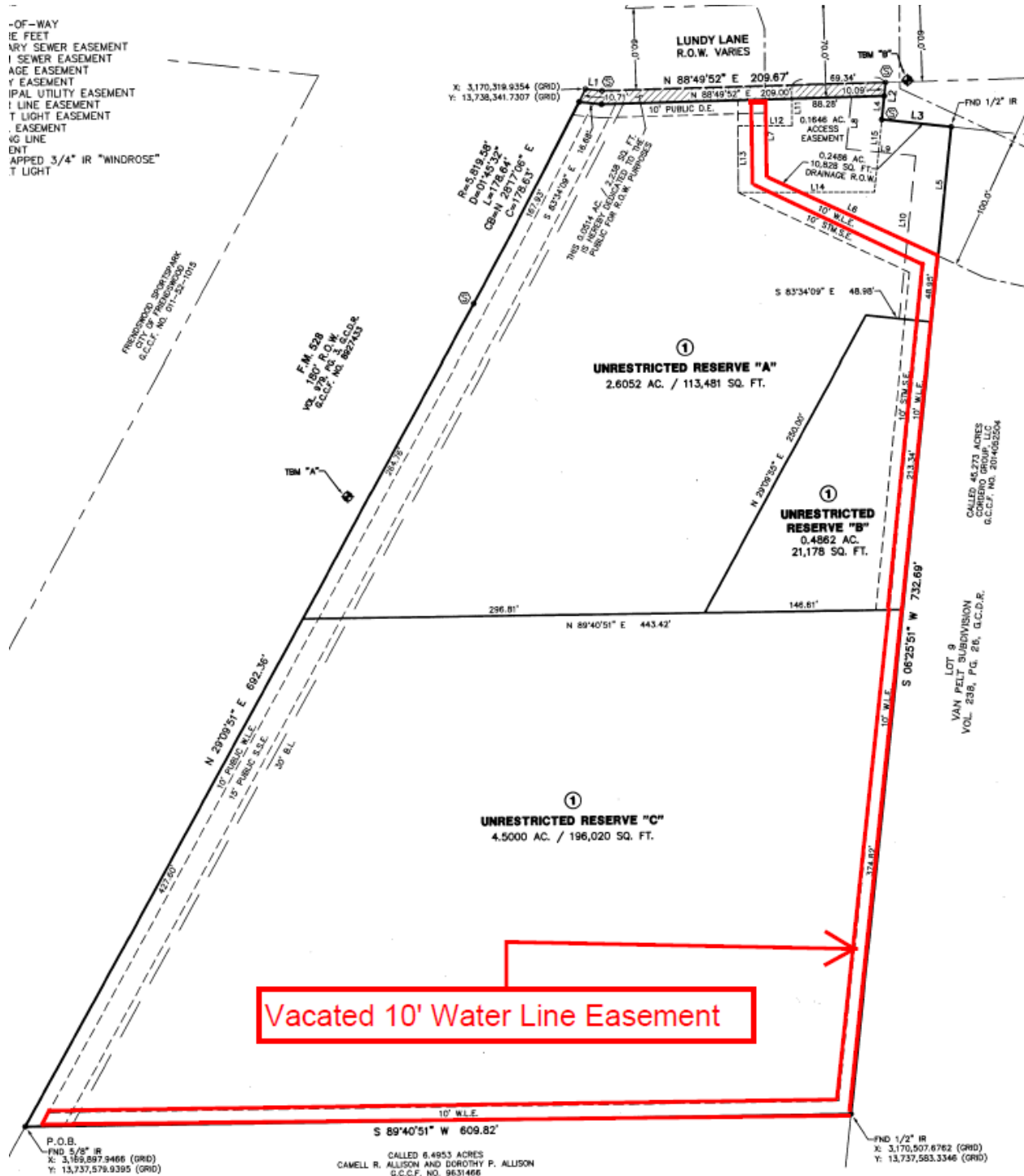
My commission expires: _____

TRANSFEROR'S ADDRESS:
CITY OF FRIENDSWOOD
OFFICE OF THE CITY SECRETARY
910 S FRIENDSWOOD DR.
FRIENDSWOOD, TEXAS 77546

RETURN TO TRANSFEREE:
ANITA ANDERSON
BASG FRIENDSWOOD, LLC
1900 JILLIAN TERRACE
FRIENDSWOOD, TX 77546-1532

EXHIBIT "A"

The southern and eastern portions of a 10-foot waterline easement totaling approximately 14,637.67 square-foot tract of land within Joyful Park, a subdivision in the Beaty, Seale, and Forwood Survey No. 5, Abstract 625 in Friendswood, Galveston County, Texas, according to the map or plat thereof recorded as Instrument Number 2022070747, depicted as follows:



FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 07/22/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider the election of a Vice Chair, Secretary, and Assistant Secretary of the Board of Directors of Reinvestment Zone Number One, City of Friendswood.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

On December 4, 2023, the City Council passed Ordinance No. 2023-31, establishing Reinvestment Zone Number One, City of Friendswood (the "Zone"). In such ordinance, the City Council created the Board of Directors for the Zone (the "Board") and provided that the Board will consist of the members of the City Council. The Mayor serves as the Chair of the Board until January 1, 2025. If the Mayor is not reappointed prior to that time, he will continue to serve as the Chair.

This item allows the City Council to elect a Vice-Chair to serve in the absence of the Chair along with a Secretary and an Assistant Secretary. It is proposed that:

1. the City Councilmember holding the position of Mayor Pro Tem serves as the Vice-Chair;
2. the City Councilmember, who most recently held the position of Mayor Pro Tem immediately prior to the current Mayor Pro Tem, serves as the Secretary; and
3. the person holding the position of the City Secretary serves as Assistant Secretary.

The term of these offices coincide with the calendar year. However, the tenure of the persons holding these offices will be commensurate with their terms in the City positions noted.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/26/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider approving Rules of Procedure of the Board of Directors of Reinvestment Zone Number One, City of Friendswood.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This item allows the Board of Directors to adopt rules of procedure for its meetings. The proposed rules are similar to those of the City Council and include provisions concerning:

1. general aspects of Board meetings, including where the meetings will be held, attendance at meetings, and amendment and suspension of the rules;
2. duties of the presiding officer;
3. rules of decorum for Board Members, members of staff, and the public;
4. order of business; and
5. various motions, including the recently adopted rules concerning friendly amendments and discussions.

Please note that in accordance with state law, a majority of the Board Members present and voting will be required in order for the Board to take any official action, except the rules require: (i) the affirmative vote of four (4) members to reconsider an item defeated by the Board in the last 90 days and to amend the rules of procedure, and (ii) the affirmative vote of 2/3 of members present and voting to object to consideration, to expel a Member for failure to follow rules of decorum, and to close debate (if needed). The rules also provide that if there is a joint meeting between the Board and the City Council, the rules of the City Council will control in case of a conflict.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Rules of Procedure

REINVESTMENT ZONE NUMBER ONE, CITY OF FRIENDSWOOD RULES OF PROCEDURE

1. PURPOSE

1.1 Authority

The Board of Directors (the "Board") of Reinvestment Zone Number One, City of Friendswood (the "Zone"), hereby enacts these rules of procedure for all meetings; provided, however, should there be any conflict between these rules and the rules adopted by the City, the rules adopted by the City Council shall control during a joint meeting of the Board and the City Council.

1.2 Purpose

The rules of procedure are enacted as guidelines to be followed by all persons at Board meetings, including administrative staff, news media, and visitors.

2. GENERAL RULES

2.1 Meetings to be Public

All meetings of the Board shall be open to the public, except as authorized by law.

2.2 Quorum

Four or more members of the Board shall constitute a quorum for the transaction of business.

2.3 Compelling Attendance

No member shall be excused from attendance at a Board meeting except for good, valid reasons.

2.4 Minutes of Meetings

An account of all proceedings of the Board shall be kept by the City Secretary, which account shall constitute the official record of the Board.

2.5 Questions to Contain One Subject

All questions submitted for a vote shall contain only one (1) subject.

2.6 Right of Floor

Any member desiring to speak shall be recognized by the Presiding Officer and shall confine his/her remarks to the subject under consideration or to be considered and will not be interrupted.

2.7 City Manager

The City Manager or Acting City Manager shall attend all meetings of the Board, unless excused. He/she may make recommendations to the Board and shall have the right to take part in all discussions of the Board, but shall have no vote.

2.8 City Attorney

The City Attorney shall attend all meetings of the Board unless excused and shall, upon request, give an opinion, either written or oral, on questions of law. The City Attorney shall act as the Board's parliamentarian.

2.9 City Secretary

The City Secretary or Acting City Secretary shall attend all meetings of the Board unless excused, shall act as the reading and recording secretary of the Board, shall keep the official minutes, and shall perform such other duties as may be requested and assigned by the City Manager.

2.10 Sergeant at Arms

The highest-ranking police officer of the Friendswood Police Department in attendance at any meeting of the Board shall be, and is hereby designated and appointed as, the Sergeant at Arms for such meeting.

2.11 Officers and Employees

Any officer or employee of the City, when requested by the City Manager, shall attend any meeting of the Board and present information relating to matters before the Board.

2.12 Absences

The Board hereby delegates its duty to excuse absences of Board Members, the City Manager, the City Secretary, the City Attorney or any other officer or employee required to attend any meeting of the Board.

2.13 Suspension of Rules

Any provision of these rules not governed by state law may be temporarily suspended by the affirmative vote of a majority of the members of the Board present.

2.14 Amendment of Rules

These rules may be amended, or new rules adopted, by the affirmative vote of four (4) or more members of the Board.

3. MEETINGS

Meetings shall be held in the Council Chamber of City Hall, 910 S. Friendswood Drive, Friendswood, Texas, or other location as called by the City Secretary upon the request of the President, the City Manager, or three (3) members of the Board. The City Secretary shall notify each member of the Board of the meeting and shall post notice of the meeting in accordance with Chapter 551, Texas Government Code, as amended.

4. PRESIDING OFFICER AND DUTIES

4.1 Presiding Officer

The Chair, or in his/her absence, the Vice Chair, shall preside as the Presiding Officer at all meetings of the Board. In the absence of both the Chair and Vice Chair, and with a quorum being present, any Board Member may be appointed by a majority of the Board Members present and voting. No Board Member shall be required to abstain from voting on the election of a Presiding Officer under this section.

4.2 Call to Order

The meetings of the Board shall be called to order by the Chair, or in his/her absence, the Vice Chair. In the absence of both the Chair and the Vice Chair, the meeting shall be called to order by the City Manager.

4.3 Preservation of Order

The Presiding Officer shall (i) preserve order and decorum, (ii) prevent insulting references to Board Members, impugning of other members' motives, and repetitious comments and (iii) confine remarks to the question under discussion. The Presiding Officer shall call upon the Sergeant at Arms as necessary to enforce compliance with the rules contained therein.

4.4 Substitution for Chair

The Chair may call upon the Vice Chair, or if he/she is unavailable, then any other member, to take his/her place for a portion of a meeting. Such substitution is not to continue beyond adjournment.

4.5 Points of Order

The Presiding Officer shall determine all points of order, subject to the right of any member to appeal to the Board. If any appeal is taken, the following question shall be posed: "Shall the decision of the Presiding Officer be sustained"? If a majority of members present and voting vote "No," the ruling of the Presiding Officer is overruled; otherwise, it is sustained.

4.6 Questions to be Stated

The Presiding Officer shall state all questions submitted for a vote and announce the results. A roll call shall be taken upon the request of any member.

4.7 Recess

In addition to recessing for an executive session, the Presiding Officer may recess a meeting for up to fifteen (15) minutes at regular intervals of approximately one (1) hour at appropriate points in the meeting agenda.

4.8 Votes

Board Members shall clearly indicate their vote on each matter submitted to a vote.

- (a) The Presiding Officer may make or second motions, and shall vote on all matters before the Board, unless otherwise prohibited by law, but shall have no power of veto.
- (b) The Presiding Officer shall have no power to recess a meeting or to adjourn a meeting to prevent the Board from considering an agenda item or lay the same out for consideration except in strict accordance with the Texas Open Meetings Act, the City Charter, and as enacted herein. If, notwithstanding the positive provisions of this rule, the Presiding Officer, whether Chair, Vice Chair, or Board Member presiding, shall attempt to prevent the Board from taking any action on any agenda item brought before it, any Board Member present may call for a vote of the Board to consider the matter.
- (c) Except as otherwise provided by law or these rules, all action required of the Board shall be made by a majority of the members of the Board present and voting.
- (d) Excluding conflicts of interest as provided by state law, all Board Members present at each meeting must vote on each subject presented for Board vote.

5. CODE OF CONDUCT

5.1 Board Members

- (a) During Board meetings, Board Members shall preserve order and decorum and shall neither by conversation or otherwise delay or interrupt the proceedings nor refuse to observe the rules of the Board.
- (b) A Board Member, once recognized, shall not be interrupted while speaking unless a point of order is raised by another member or the parliamentarian, or unless the speaker chooses to yield to questions from another member. If a Board Member is called to order while he/she is speaking, he/she shall cease speaking immediately until the question of order is determined. If ruled to be in order, he/she shall be permitted to proceed.
- (c) Any member of the Board, including the Chair, who fails to observe decorous and orderly behavior during a meeting or who disturbs a meeting of the Board with such disorderly conduct, is subject to being expelled from such meeting upon motion passed by two-thirds ($\frac{2}{3}$) vote of the Board present and voting at this meeting.
- (d) Any member of the Board, including the Chair, reprimanded by motion or expelled from a meeting by motion who thereafter commits another breach of decorous and disorderly behavior during a subsequent meeting and again disturbs any meeting of the Board by such disorderly conduct shall be

subject to the same power of the Board to reprimand him/her, expel him/her from the meeting, or subject such member to investigation by the City Council in accordance with Section 3.16 of the Charter.

5.2 Administrative Staff

- (a)** Members of the Administrative staff and employees of the City shall observe the same rules of procedure and decorum applicable to members of the Board and shall have no voice unless and until recognized by the Chair or Presiding Officer.
- (b)** While the Presiding Officer shall have the authority to preserve decorum in meetings as far as staff members and City employees are concerned, the City Manager also shall be responsible for the orderly conduct and decorum of all City employees under his/her direction and control.
- (c)** All remarks and questions addressed to the Board shall be addressed to the Board as a whole and not to any individual member thereof.
- (d)** No staff member, other than a staff member having the floor, shall enter into a discussion either directly or indirectly without permission of the Chair or Presiding Officer.

5.3 Citizens

- (a)** Members of the public are welcome and invited to attend all open meetings of the Board and will be admitted to the Council Chamber or other room in which the meeting is held, up to the fire safety capacity of the room and/or to protect the health, safety, and welfare of the public.
- (b)** Persons will refrain from private conversation in the Chamber, or other room, while the Board meeting is in session.
- (c)** Persons attending Board meetings shall observe the same rules of propriety, decorum, and good conduct applicable to the administrative staff.
- (d)** A member of the public addressing the Board or in attendance at a Board meeting shall not engage in any manner which disrupts the orderly conduct of a Board Meeting, including, but not limited to, demonstrations, unauthorized remarks, the carrying of signs or placards, and/or the display of banners. Recording equipment is permissible to the extent that such equipment or the use thereof does not (i) interfere with the meeting, (ii) block means of ingress or egress, (iii) obstruct the view or interfere with the listening of attendees, and/or (iv) prevent or otherwise unreasonably impair attendees from participating in the meeting.

- (e) The Chair may rule a member of the public out of order and in violation of these rules if: (i) the member, after having been given the floor, speaks beyond the allocated time limit and refuses to yield the floor; (ii) the person's remarks are not relevant to the agenda item under consideration; (iii) the person repeatedly interrupts a Board Member; (iv) the person's remarks are disruptive so as to disturb the peace and good order of the meeting, through use of, without limitation, loud, threatening, hostile, abusive, vulgar or obscene language or any other actions that disturb or are calculated to disturb the meeting; (v) the person engages in any conduct with the intent to break up the meeting of the Board or urges others to commit acts or engage in conduct to break up the meeting, including unreasonably loud and prolonged yelling, screaming, clapping or noise-creating acts which render it impossible or difficult for the Board to conduct or continue with the meeting; or (vi) the person willfully refuses or fails to comply with any Board Rule of Procedure or with any reasonable order of the Presiding Officer.
- (f) Any person while addressing the Board or while attending the Board meeting violating these rules shall be given one (1) warning. If these rules continue to be violated after such warning, the person violating the rules shall be removed from the room if the Sergeant at Arms is so directed by the Chair or Presiding Officer, and such person shall be barred from further audience before the Board during that session of the Board. In case the Presiding Officer shall fail to act, any member of the Board may move to require him/her to act to enforce the rules, and the affirmative vote of a majority of the members of the Board present and voting shall require the Presiding Officer to act.

5.4 In General

- (a) **Rules**

Robert's Rules of Order (latest revision) shall be used as a guide, unless Robert's Rules of Order are in conflict with the rules of procedure hereby adopted. Any one (1) or more of these rules of procedure may be suspended by the affirmative vote of a majority of the members of the Board present and voting in order to allow a particular consideration of a matter. Where any rule embodies a provision of state law, identically or in substance, such rule may not be suspended.
- (b) **Recognition by Presiding Officer**

No person shall address the Board without first being recognized by the Presiding Officer.
- (c) **Procedure**

Each person addressing the Board shall approach the podium, give his/her name and address in an audible tone of voice for the record, and state the

subject the person wishes to discuss. All comments shall be addressed to the Board as a whole and not to any member thereof. No person other than members of the Board and the person having the floor shall be permitted to enter into any discussion, directly or through a member of the Board, without permission of the Presiding Officer. No question may be asked a member of the City staff without the permission of the Presiding Officer.

(d) Charges against employees

Should any person in a Board meeting charge an employee with improper conduct, malfeasance, nonfeasance, or misfeasance, then in such event, such person shall be ruled out of order immediately and instructed to refer his/her complaint to the City Manager.

(e) Disturbances

No person attending any Board meeting shall delay, interrupt, or disrupt the proceedings or refuse to obey the orders of the Presiding Officer. Any person making personal, impertinent, and slanderous remarks or who becomes boisterous while addressing the Board or while attending the Board meeting shall be removed from the room if the Sergeant at Arms is so directed by the Presiding Officer.

(f) Communication devices

(1) The use of wireless communication devices to send/receive text messages, instant messages, and/or emails between members of the Board during Board meetings is prohibited.

(2) No person attending any Board meeting shall possess a pager, cellular telephone, radiotelephone, or other device that is set in a mode to provide audible notification of an incoming call, text, or page.

(3) No person attending any Board meeting shall use a cellular telephone, radiotelephone, or other telecommunication device for audible communications while the Board meeting is in session.

6. ORDER OF BUSINESS

6.1 Agenda

The order of business of each regular and special meeting shall be as contained in the agenda prepared by the City Manager. The agenda shall be a listing by topic of subjects to be considered by the Board. Placement of items on the agenda shall be governed by this section. The placement of agenda items for each meeting is determined as follows:

- (a) Except as provided in subsection (b) of this section, all items to be brought before the Board for its consideration should be submitted in writing to the City Secretary and/or City Manager not later than 2:00 p.m. of the Monday preceding the meeting at which the same is to be considered.
- (b) The City Manager, or the Chair, or two (2) Board Members must grant approval for an item to be included on the agenda.
- (c) When an item has been placed before the Board and defeated, the same identical question shall not again be considered by the Board until ninety (90) days have elapsed, unless the Board, by the vote of at least four (4) Board Members, waives this restriction as to the item.

The agenda order set out is the desired order for conducting the business of the Board. When in the best interest of the Board and the citizens of the City require, any item appearing on the agenda shall be considered out of order as shall be determined by the Presiding Officer in his/her sole discretion.

6.2 Agenda Order

The order of the agenda shall be as follows unless the Chair, or City Manager, determines that a different order is in the best interest of the Board and/or the citizens of the City:

- (a) **Call to Order.**
- (b) **Board Comments.**
Each member of the Board will be given a five-minute time period to provide comments about items of community interest, pursuant to Section 551.0415 of the Texas Government Code, which include:
 - (1) Expressions of thanks, congratulations, or condolences;
 - (2) Information regarding holiday schedules;
 - (3) An honorary or salutatory recognition of a public official, public employee, or other citizen, except that a discussion regarding a change in the status of a person's public office or public employment is not an honorary or salutatory recognition;
 - (4) Information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official of the governing body; and

- (5) Announcements involving an imminent threat to the public health and safety of people in the City that has arisen after the posting of the agenda.

(c) Public Comment.

- (1) Members of the public shall have a reasonable opportunity to be heard at meetings of the Board in regard to any and all matters to be considered at any such meetings, or such other matters as citizens may wish to bring to Board's attention. Any matter not posted on the agenda may not be discussed by Board, nor shall any action be taken by Board, except to indicate that the matter may be placed on a later agenda.
- (2) Each speaker shall submit a card requesting the right to address the Board to the City Secretary prior to the commencement of the meeting.
- (3) Each speaker shall be granted a three-minute time period to speak before the Board, and the Chair or Presiding Officer shall retain the discretion to further limit or increase this time as he/she deems appropriate. Speakers may not pass their time.
- (4) No electronic media is allowed for presentation during the public comment period. Information being presented to the Board should be in paper format, and ten (10) copies should be provided to the City Secretary for distribution to the Board and staff.

(d) Business Items.

The consent agenda may include routine matters which require no discussion (any member of the Board may remove an item from the consent agenda for discussion and possible action).

(e) Executive Session.

The Board may retire into executive session as authorized by Chapter 551, Texas Government Code, as amended. Matters discussed during each Executive Session shall be identified by certified agenda or tape recorded, prepared, and retained as required by law.

(f) Action Related to Executive Session.

(g) Adjournment.

7. MOTIONS

7.1 Motion to Table

A motion to table, when carried, does not permanently defeat an item. If such item is tabled by a majority vote of the Board, such item, if not sooner removed from the table, must be removed at the third meeting and acted upon, even if only to place the item on the table again.

7.2 Objection to Consideration

Upon any item being laid out, or any motion being made, any Board Member present, before there is any debate opened on the subject, may make a parliamentary objection to the consideration of the subject which need not be seconded. No debate shall then be permitted, and the Presiding Officer shall immediately put the question, "shall the objection be sustained"? If the objection is sustained by a vote of two-thirds ($\frac{2}{3}$) of the Board Members present and voting, the item is permanently defeated for that meeting and shall not be debated unless reconsidered under Section 6.1(c) of these rules.

7.3 Closing of Debate

If, during debate upon any matter before the Board, any member moves that the subject under discussion be put to a vote without further debate (and such a motion need not be seconded), the Presiding Officer shall immediately ask the Board, "is there any objection to proceeding to a vote on the matter before the Board being taken immediately?" If any member objects, the Presiding Officer shall immediately and without debate put the question, "shall the subject being discussed be put to a vote, without debate?" to a vote of the Board, and if two-thirds ($\frac{2}{3}$) of the Board Members present and voting vote in favor of ordering the vote, debate on the question shall be closed and a vote on the item taken immediately.

7.4 Procedure to Debate

- (a)** The Chair or Presiding Officer shall have the right to participate in debate of issues pending before the Board.
- (b)** Prior to a motion concerning an item on the agenda, the Chair or Presiding Officer may (i) call upon the City Manager or his designee to provide an overview of the item, and/or (ii) allow the members of the Board to discuss the matter.

7.5 Amendments

A motion may be amended without a formal vote as a "friendly amendment" if both the first and second of the main motion agree to the amended language. If they do not, the amended motion is voted on and then the Board shall return to the main motion.

7.6 Vote Required

An affirmative vote of a majority of the Board Members present is necessary to take any official action in the name of the Board except as otherwise provided by state law or these rules. Should state law require more than a majority of Board Members to pass an item, the City Manager or the City Attorney shall notify the Board of such requirement prior to the vote.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 04/26/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider adopting the Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number One, City of Friendswood and submitting such plans to the City Council.

Originating Department: City Secretary

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This item allows the Board of Directors of Reinvestment Zone Number One, City of Friendswood (the "Zone") to adopt the Project Plan and Reinvestment Zone Financing Plan (collectively the "Plan") for the Zone. Upon adoption by the Board, the Plan will be submitted to the City Council for approval. The Plan includes, but is not limited to, the following:

1. the estimated non-project costs;
2. the categories and locations of public improvements;
3. the estimated project and administrative costs together with the estimated timeline in which such costs will be incurred;
4. a feasibility study;
5. estimated bonded indebtedness;
6. the appraised value within the Zone, including the tax increment base and the estimated capture of appraised value;
7. the method of financing, including TIRZ fund contributions; and
8. the duration and termination of the Zone.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Project Plan & Reinvestment Zone Financing Plan



REINVESTMENT ZONE NUMBER ONE,
CITY OF FRIENDSWOOD
PROJECT PLAN AND REINVESTMENT ZONE FINANCING
PLAN
NOVEMBER 4, 2024

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SECTION 1: DEFINITIONS

Capitalized terms used in this Final Plan shall have the meanings given to them in **Section I** below unless otherwise defined in this Final Plan or unless the context in which a term is used clearly requires a different meaning.

“Act” means Chapter 311, Texas Tax Code, Tax Increment Financing Act, as amended.

“Administrative Costs” means the actual, direct costs paid or incurred by or on behalf of the City to administer the Zone, including planning, engineering, legal services, organizational costs, publicizing costs, or implementations costs paid by or on behalf of the City that are directly related to the creation and administration of the Zone.

“Appraisal District” means the Harris Central Appraisal District.

“Assessment” means an assessment levied as further defined and described in the City Center PID Service and Assessment Plan.

“Board” means the Board of Directors of the Zone.

“Captured Appraised Value” means the new taxable value generated in addition to the Tax Increment Base on a parcel-by-parcel basis for each year during the term of the Zone, as calculated and confirmed annually by the Appraisal District.

“City” means the City of Friendswood, Texas.

“City Center Non-PID Projects” means those certain improvements, or the allocable share of costs of such improvements, that are classified as ineligible for funding by PID Bonds or Assessments.

“City Center PID” means the City Center Public Improvement District, which includes certain of the Property within its boundaries, created by Resolution No. 2021-01 of the City passed on January 8, 2024.

“City Center PID Projects” means those certain improvements as are further defined and described in the City Center PID Service and Assessment Plan.

“City Center PID Service and Assessment Plan” means that certain City Center Public Improvement District Service and Assessment Plan, to be adopted by the City November 4, 2024, and amended from time to time.

“City Council” means the governing body of the City.

“City Tax Increment” means seventy percent (70%) of the City’s ad valorem real property taxes collected and received by the City on the Captured Appraised Value in the Zone, and deposited into the TIRZ Fund.

“Designation Ordinance” means Ordinance No. 2023-31 adopted by the City Council on December 4, 2023.

“Developer” means Madison Development Corporation, LLC and its successors or assigns.

“Feasibility Study” means the economic feasibility study as evaluated over the term of the Zone and focused only on direct financial benefits, as shown on **Exhibit E**.

“Final Plan” means this Project Plan and Reinvestment Zone Financing Plan for the Zone.

“Non-Project Costs” means those certain costs that will be spent to develop in the Zone, but will not be financed by the Zone, and will be financed by private funds, as described in **Section 6**, and shown on **Exhibit B**.

“PID Bonds” means any bonds issued by the City in one or more series as will be further defined and described in the City Center PID Service and Assessment Plan.

“Project Costs” means the total costs for projects in the Zone, including the actual costs of the financing for the Public Improvements and the Administrative Costs.

“Project Plan” means the project plan for the development or redevelopment of a reinvestment zone approved under the Act, including all amendments of the plan approved as provided by the Act.

“Property” means the 124.612 acres of land within the boundaries of the Zone, as depicted on **Exhibit A** and described on **Exhibit F**.

“Public Improvements” means the proposed public improvements to be financed by the Zone, which includes the City Center PID Projects and the City Center Non-PID Projects, which together include streets, detention, water, sanitary sewer, sanitary lift station, clearing and grubbing, earthwork, paving and grading, a fire station, playing fields for the School, landscaping, trails and other public amenities, and parks, as depicted on **Exhibit H**, and detailed on **Exhibit C**.

“School” means the School District’s Brookside Intermediate School.

“School District” means the Clear Creek Independent School District.

“Tax Increment Base” means total appraised value of taxable real property in the Zone at the time of designation of the Zone, as calculated and certified by the Appraisal District.

“TIRZ Credit” means that TIRZ Maximum Annual Credit Amount designated towards the principal and interest portion of the Annual Installment for the Assessed Property, as is further defined and described in the City Center PID Service and Assessment Plan. For purposes of this definition, the terms “TIRZ Maximum Annual Credit Amount,” “Annual Installment” and “Assessed Property” have the meanings assigned to such terms in the City Center PID Service and Assessment Plan.

“TIRZ Fund” means the tax increment fund created and established by the City for the Zone and segregated from all other funds of the City.

“Zone” means Reinvestment Zone Number One, City of Friendswood, as depicted on **Exhibit A**, and described on **Exhibit F**.

SECTION 2: INTRODUCTION

2.1 Authority and Purpose

The Zone was designated by the City Council on December 4, 2023, pursuant to the Designation Ordinance, in an area within the corporate limits of the City covering 124.612 contiguous acres.

The purpose of the Zone is to facilitate residential and commercial development or redevelopment by financing the design and construction of public works, public improvements, programs, and other projects benefiting the Zone, plus other costs incidental to those expenditures, all of which costs are authorized by the Act.

2.2 Zone

The Property within the Zone is located within Sarah McKissick League, Abstract Number 549, Friendswood, Harris County, Texas, near FM 528 and Clear Creek. The Property within the Zone is predominantly open, and undeveloped, and because of the following factors, the sound growth of the City is substantially impaired or arrested: (i) the lack of public infrastructure, including but not limited to insufficient mobility infrastructure and the absence of adequate water and sanitary sewer utilities; and (ii) the barriers to development presented by the floodplain limitations along Clear Creek, which render more than half of the acreage within the Zone as undevelopable without significant mitigation activities.

Various residential housing developers and other companies have studied the Property within the Zone for possible residential, retail and/or commercial development several times over the past two decades, including but not limited to, Lovett Commercial, LLC; GWR Webster, LLC, Beazer Homes USA, Inc., The NRP Group, LLC, Integris Projects, LLC, Eclipse Development Group, and Wells Fargo & Company. None of these developers or companies has pursued development of the area within the Zone due to factors including the lack of public infrastructure and the challenges to development posed by the floodplain limitations along Clear Creek. Due to the relatively limited size, location, and physical characteristics of the Property within the Zone, including the lack of public infrastructure, including but not limited to insufficient mobility infrastructure and the absence of adequate water and sanitary sewer utilities, and the barriers to development presented by the floodplain limitations along Clear Creek, which render more than half of the acreage within the Zone as undevelopable without significant mitigation activities, and due to the substantial cost to construct the necessary public infrastructure, development of the Property within the Zone will not occur solely through private investment in the foreseeable future. Because of the aforementioned characteristics, economic incentives are necessary to attract development for the purpose of providing long-term economic benefits, including, but not limited to, an increased real property tax base for all taxing units in the Zone.

2.3 Goals

Goal 1: Infrastructure Improvements

The construction of public infrastructure within the Zone is required to create an environment that will stimulate private investment in retail, residential, office and commercial developments. If the Public Improvements are financed as contemplated by this Final Plan, the Property can be developed to take full advantage of the opportunity to bring to the City a quality development that offers a corresponding increase in the tax base and creates economic opportunity.

Goal 2: Economic Development

In addition to direct investment in capital improvements to public infrastructure or investment in public infrastructure to stimulate private investment, the Board hereby establishes and provides for the administration of an economic development program to incentivize private enterprise in the Zone and serve as a catalyst for other business developments pursuant to Section 311.010(h) of the Act and Chapter 380 of the Texas Local Government Code. The Zone's economic development program may include making grants and loans from the TIRZ Fund in an aggregate amount not to exceed the amount of City Tax Increment paid into the TIRZ Fund for activities that benefit the Zone and stimulate business and commercial activity in the Zone and may also be paired with other financing mechanisms as approved by the City Council.

SECTION 3: DESCRIPTION AND MAPS

3.1 Existing and Proposed Uses of Land (Section 311.011(b)(1) of the Act)

The Property within the Zone is currently zoned Planned Unit Development and Single Family Residential with a Specific Use Permit, as depicted on **Exhibit G**, and is intended to be developed with commercial and residential uses. The Property is undeveloped, and there is limited public infrastructure to support development, including, but not limited to, insufficient mobility infrastructure and the absence of adequate water and sanitary sewer utilities. Development requires extensive public infrastructure that: (1) the City cannot provide, and (2) will not be provided solely through private investment in the foreseeable future.

The proposed uses of the Property include retail, mixed-use commercial, multi-family, office/medical and hotel, as shown on **Exhibit G**.

SECTION 4: PROPOSED CHANGES TO ORDINANCES, PLANS, CODES, RULES, AND REGULATIONS

4.1 Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances (Section 311.011(b)(2) of the Act)

The Property within the Zone is wholly located in the corporate limits of the City and shall be subject to the City's zoning regulations. The Property is currently zoned as Planned Unit Development and Single Family Residential with a Specific Use Permit as depicted on **Exhibit G**. The City has jurisdiction over the subdivision and platting of the Property and the design, construction, installation, and inspection of water, sewer, drainage, roadway, and other public infrastructure. No proposed changes to zoning ordinances, comprehensive plan, building codes, subdivision rules, or other municipal ordinances are planned.

SECTION 5: RELOCATION OF DISPLACED PERSONS

5.1 Method of Relocating Persons to be Displaced, if any, as a Result of Implementing the Project Plan (Section 311.011(b)(4) of the Act)

No person shall be displaced due to the implementation of the Final Plan.

SECTION 6: ESTIMATED NON-PROJECT COSTS

6.1 Estimated Non-Project Costs (Section 311.011(b)(3) of the Act)

Non-Project Costs are costs that will be incurred or expended by third parties for development of projects that benefit the Zone but will not be financed by the Zone. Non-Project Costs will be derived from other funding sources, including private funds. The list of Non-Project Costs, the total costs of which is estimated to be approximately \$729,225,099, is shown on **Exhibit B**.

SECTION 7: PROPOSED PUBLIC IMPROVEMENTS

7.1 Proposed Kind, Number and Location of all Proposed Public Works or Public Improvements to be Financed by the Zone (Section 311.011(c)(2) of the Act)

The Public Improvements include streets, detention, water, sanitary sewer, sanitary lift station, clearing and grubbing, earthwork, paving and grading, a fire station, playing fields for the School, landscaping, trails and other public amenities, and parks. All Public Improvements shall be designed and constructed in accordance with all applicable City standards and subject to inspection, approval and acceptance by the City.

The number and locations of the proposed Public Improvements are depicted on **Exhibit H**.

SECTION 8: ESTIMATED PROJECT COSTS

8.1 Estimated Project Costs (Section 311.011(c)(1) of the Act)

The estimated Project Costs for the Zone are detailed on **Exhibit C** and include the Administrative Costs, the City Center PID Projects, and the City Center Non-PID Projects. The dollar amounts set forth in **Exhibit C** are approximate and may be amended from time to time by the Board with the approval of the City Council consistent with state law. The total Project Costs are estimated to be \$90,504,201.

8.2 Administrative Costs

The Administrative Costs are estimated to be \$2,321,808. The Administrative Costs shall be paid each year from the TIRZ Fund before any other Project Costs are paid. The estimated Administrative Costs are the costs over the life of the TIRZ and can only be paid if there are available funds.

8.3 City Center PID Projects

The City Center PID Projects are those projects anticipated to be funded through a combination of the City Center PID and the Zone. The estimated costs are \$79,565,913.

8.4 City Center Non-PID Projects

The City Center Non-PID Projects are those projects not anticipated to be funded through the City Center PID. The estimated costs are \$8,616,480.

8.5 Estimated Time When Related Costs or Monetary Obligations Incurred (Section 311.011(c)(5) of the Act)

The Administrative Costs will be incurred annually throughout the duration of the Zone. It is estimated that the other Project Costs set forth in **Exhibit C** will be incurred between 2024 and 2032, as shown on **Exhibit D**.

SECTION 9: ECONOMIC FEASIBILITY

9.1 Economic Feasibility (Section 311.011(c)(3) of the Act)

The Feasibility Study for the Zone was prepared in 2024, by P3Works, LLC with data provided by the Developer, the City and School District and is attached as **Exhibit E**. The Feasibility Study focuses on only direct financial benefits (i.e. ad valorem tax revenues generated from the development within the Zone). Based on the Feasibility Study, during the term of the Zone, new development, which would not occur solely through private investment in the reasonably foreseeable future, will generate approximately \$132,546,407 in total new real property tax revenue for the City over the remaining term of the Zone.

Approximately \$92,782,485 in City Tax Increment will be deposited into the TIRZ Fund to pay for Project Costs over the remaining term of the Zone. The cumulative City Tax Increment set forth in the Feasibility Study, set forth in **Exhibit E** exceeds the estimated Project Costs and will be generated in amounts sufficient to fund the Project Costs as and when such Project Costs are incurred during the term of the Zone. The remainder of the new real property tax revenue generated within the Zone and retained by the City is estimated at \$39,763,922. Based on the foregoing, the economic feasibility of the Zone has been demonstrated.

The Board and the City Council find and determine that the Final Plan is economically feasible.

SECTION 10: ESTIMATED BONDED INDEBTEDNESS

10.1 Estimated Amount of Bonded Indebtedness (Section 311.011(c)(4) of the Act)

Issuance of notes and bonds by or on behalf of the Zone may occur as tax increment revenues allow. The value and timing of the issuance of notes or bonds will correlate to debt capacity as derived from the revenue schedule set forth in **Exhibit E**, as well as actual market conditions for the issue and sale of such notes and bonds.

SECTION 11: APPRAISED VALUE

11.1 Current Total Appraised Value of Taxable Real Property (Section 311.011(c)(7) of the Act)

The Tax Increment Base is estimated to be \$1,780,871 and shall be confirmed by the Appraisal District. Each year, the Appraisal District shall confirm the Captured Appraised Value of the Zone.

11.2 Estimated Captured Appraised Value During Each Year of Existence (Section 311.011(c)(8) of the Act)

The estimated Captured Appraised Value for the duration of the Zone is set forth in **Exhibit E**. It is estimated that upon expiration of the term of the Zone, the total Captured Appraised Value of taxable real property in the Zone will be approximately \$1,169,273,939 as shown on **Exhibit E**. The actual Captured Appraised Value, as certified by the Appraisal District each year, will be used to calculate annual payment by the City into the TIRZ Fund pursuant to this Project Plan. It is anticipated that this Project Plan shall be amended in the future to reflect additional development within the Zone, which would increase the estimated total Captured Appraised Value.

SECTION 12: METHOD OF FINANCING

12.1 Methods and Sources of Financing Project Costs and Percentage of Increment from taxing Units Anticipated to Contribute Tax Increment to the Zone (Section 311.011(c)(6) of the Act)

Tax increment will consist of contributions from the City. The City will deposit into the TIRZ Fund each year the City Tax Increment, which is seventy percent (70%) of the City's ad valorem real property taxes collected and received by the City on the Captured Appraised Value in the Zone. For example, in tax year 2024, the City's ad valorem tax rate is \$0.514172 per \$100 of taxable value, so the City would contribute \$0.3599204 per \$100 of the Captured Appraised Value in the Zone levied and collected to the TIRZ Fund.

The City Tax Increment deposited into the TIRZ Fund shall be prioritized and allocated on a parcel by parcel basis as follows:

1. For Administrative Costs; then
2. For the payment of Project Costs through an annual reduction of a portion of the principal and interest of the Annual Installment for the Assessed Property (as each term is defined in the City Center PID Service and Assessment Plan), as further described in the City Center PID Service and Assessment Plan, on a parcel by parcel

basis, in an amount not to exceed the TIRZ Credit (as further described in the City Center PID Service and Assessment Plan); then

3. To the extent there are TIRZ Fund revenues remaining after such TIRZ Credit, any excess TIRZ Fund revenue may be utilized in any other manner as authorized by the City Council and allowed pursuant to the Act.

All payments of Project Costs shall be made solely from the TIRZ Fund and from no other funds of the City, unless otherwise approved by the City Council.

SECTION 13: DURATION OF THE ZONE, TERMINATION

13.1 Zone Duration (Section 311.011(c)(9) of the Act)

The Zone was designated by the City on December 4, 2023, and will terminate on December 31, 2053, with the last payment being due by January 31, 2054, unless otherwise terminated in accordance with the Designation Ordinance. If upon expiration of the stated term of the Zone, the obligations of the Zone have not been fully funded by the TIRZ Fund, the City shall have no obligation to pay the shortfall and the term shall not be extended. Nothing in this Section is intended to prevent the City from extending the term of the Zone in accordance with the Act upon approval of the City Council.

LIST OF EXHIBITS

Unless otherwise stated, all references to "Exhibits" contained in this Final Plan shall mean and refer to the following exhibits, all of which are attached to and made a part of this Final Plan for all purposes.

Exhibit A	Map of the Zone
Exhibit B	Non-Project Costs
Exhibit C	Project Costs
Exhibit D	Estimated Timeline of Incurred Costs
Exhibit E	Feasibility Study
Exhibit F	Legal Description of the Zone
Exhibit G	Existing and Proposed Uses of the Property
Exhibit H	Map of the Public Improvements

EXHIBIT A – MAP OF THE ZONE

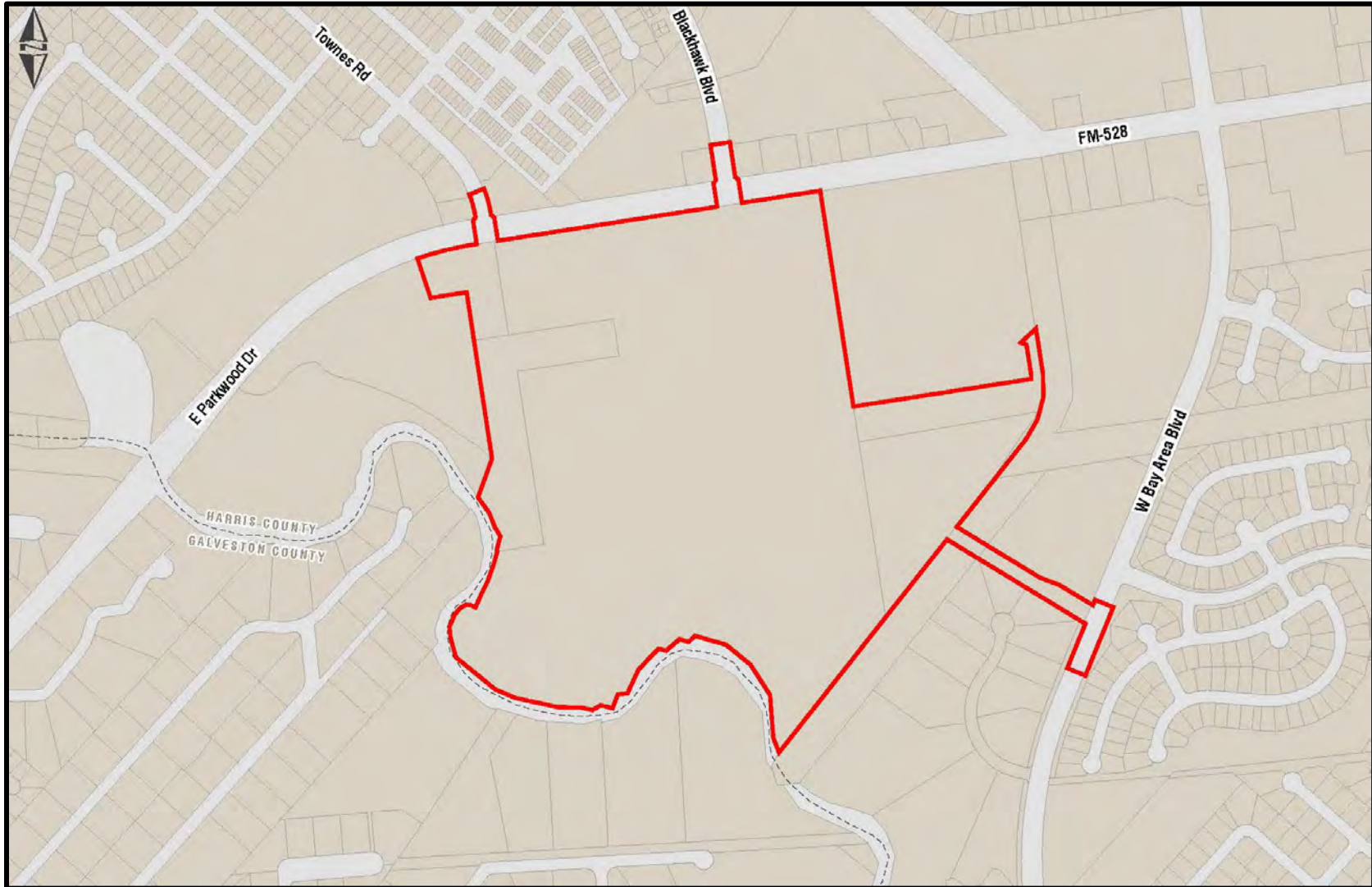


EXHIBIT B – NON-PROJECT COSTS

Lot Type	Sq. Ft.	Lot Value ^[a]		Buildout Value ^[a]		
		Per Unit	Total	Per Unit	Total	
Lot Type 1	76,408	\$ 89	\$ 6,830,000	\$ 581	\$ 44,414,000	\$ 37,584,000
Lot Type 2	268,800	\$ 33	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 120,275,714
Lot Type 3	115	\$ 18,174	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 22,910,000
Lot Type 4	194,050	\$ 21	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 74,475,385
Lot Type 5	750,000	\$ 21	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 473,980,000
Total						\$ 729,225,099

Footnotes:

[a] Values for Lot Type 1 are based on the Appraisal dated July 24, 2024 and Lot Types 2, 3, 4, and 5 are based on the Developer's model dated September 19, 2024.

EXHIBIT C – PROJECT COSTS

Reinvestment Zone Number One, City of Friendswood, Texas		
Project Costs		
Item	Cost	
City Center PID Projects ^[a]		
FM 528 Traffic Improvements	\$	1,200,000
Blackhawk Boulevard Improvements	\$	3,944,453
Townes Road Improvements	\$	595,977
Madison Avenue Improvements	\$	311,813
Larrabee Way Improvements	\$	817,556
Bennett Blvd. Improvements	\$	804,530
Earthwork, Paving, and Grading ^[c]	\$	1,830,270
Clearing, Grubbing, and Demolition ^[c]	\$	873,609
Detention Pond 1 ^[c]	\$	13,983,801
Detention Pond 2	\$	2,018,477
Water	\$	1,007,036
Wastewater	\$	862,879
Sanitary Lift Station	\$	1,330,700
Storm Water and Drainage	\$	5,323,362
Landscaping, Parks and Amenities	\$	5,597,472
Fire Station ^[b]	\$	1,032,520
Contingency	\$	5,836,952
Soft Costs ^[c]	\$	3,064,858
Interest & Financing Costs	\$	29,129,648
Subtotal	\$	79,565,913
City Center Non-PID Projects		
Fire Station ^[b]	\$	7,267,480
Playing Fields	\$	99,000
380 Grant	\$	1,250,000
Subtotal	\$	8,616,480
Public Improvements Subtotal	\$	88,182,393
Administrative Costs	\$	2,321,808
Total Project Costs	\$	90,504,201
Footnotes:		
[a] As identified in the City Center Public Improvement District Service and Assessment Plan, which is based on Engineer's Opinion of Probable Cost prepared by Ward, Getz and Associates, PLLC on September 24, 2024.		
[b] Partial funding is provided by the City Center PID.		
[c] Net of Other City Funding Sources.		

EXHIBIT D – ESTIMATED TIMELINE OF INCURRED COSTS

Reinvestment Zone Number One, City of Friendswood, Texas Timeline to Incur Project Costs

Zone Year	Calendar Year	Total Project Costs ^{[a],[b],[c]}	
		Annual	Cumulative
Base	2024		0
1	2025	\$ 69,988,052	69,988,052
2	2026	\$ 7,648,802	77,636,855
3	2027	\$ 3,278,058	80,914,913
4	2028	\$ -	80,914,913
5	2029	\$ 2,180,244	83,095,157
6	2030	\$ 2,180,244	85,275,401
7	2031	\$ 2,180,244	87,455,645
8	2032	\$ 726,748	88,182,393
Total		\$ 88,182,393	

Footnotes:

[a] Estimate provided for illustrative purposes only.

[b] Does not illustrate Administrative Costs, which shall be incurred annually for the duration of the Zone.

[c] The cost for Playing Fields are projected to be incurred in 2025; \$1,032,520 for the Fire Station will be incurred in 2027; 30% of Fire Station costs to be incurred in 2029, 2030, and 2031; 10% of remaining Fire Station costs to be incurred in 2032.

EXHIBIT E – FEASIBILITY STUDY

As set forth in the revenue schedule below, during the term of the Zone, City Tax Increment will be generated in amounts sufficient to fund the Project Costs set forth in **Exhibit C** as and when such Project Costs are incurred.

Reinvestment Zone Number One, City of Friendswood, Texas Feasibility Study										
Zone Year	Tax Year	Growth/ Year ^[a]	Added Development Value ^[b]	New Taxable Value	Incremental Value	TIRZ Fund Contribution			City Retained New Revenue	
						%	Annual	Cumulative	Annual	Cumulative
Base	2024			\$ 1,780,871						
1	2025	2.0%	\$ -	\$ 1,816,488	\$ 35,617	70%	\$ -	\$ -	\$ -	\$ -
2	2026	2.0%	\$ -	\$ 1,852,818	\$ 71,947	70%	\$ 128	\$ 128	\$ 55	\$ 55
3	2027	2.0%	\$ 667,412,392	\$ 669,302,266	\$ 667,521,395	70%	\$ 259	\$ 387	\$ 111	\$ 166
4	2028	2.0%	\$ 104,199,530	\$ 786,887,841	\$ 785,106,970	70%	\$ 2,402,546	\$ 2,402,933	\$ 1,029,662	\$ 1,029,828
5	2029	2.0%	\$ -	\$ 802,625,598	\$ 800,844,727	70%	\$ 2,825,760	\$ 5,228,693	\$ 1,211,040	\$ 2,240,868
6	2030	2.0%	\$ -	\$ 818,678,110	\$ 816,897,239	70%	\$ 2,882,404	\$ 8,111,097	\$ 1,235,316	\$ 3,476,184
7	2031	2.0%	\$ -	\$ 835,051,672	\$ 833,270,801	70%	\$ 2,940,180	\$ 11,051,276	\$ 1,260,077	\$ 4,736,261
8	2032	2.0%	\$ -	\$ 851,752,706	\$ 849,971,835	70%	\$ 2,999,112	\$ 14,050,388	\$ 1,285,334	\$ 6,021,595
9	2033	0%	\$ -	\$ 851,752,706	\$ 849,971,835	70%	\$ 3,059,222	\$ 17,109,610	\$ 1,311,095	\$ 7,332,690
10	2034	0%	\$ -	\$ 851,752,706	\$ 849,971,835	70%	\$ 3,059,222	\$ 20,168,832	\$ 1,311,095	\$ 8,643,785
11	2035	2.0%	\$ -	\$ 868,787,760	\$ 867,006,889	70%	\$ 3,059,222	\$ 23,228,054	\$ 1,311,095	\$ 9,954,880
12	2036	2.0%	\$ -	\$ 886,163,515	\$ 884,382,644	70%	\$ 3,120,535	\$ 26,348,589	\$ 1,337,372	\$ 11,292,252
13	2037	2.0%	\$ -	\$ 903,886,785	\$ 902,105,914	70%	\$ 3,183,074	\$ 29,531,662	\$ 1,364,174	\$ 12,656,427
14	2038	2.0%	\$ -	\$ 921,964,521	\$ 920,183,650	70%	\$ 3,246,863	\$ 32,778,525	\$ 1,391,513	\$ 14,047,939
15	2039	2.0%	\$ -	\$ 940,403,812	\$ 938,622,941	70%	\$ 3,311,929	\$ 36,090,454	\$ 1,419,398	\$ 15,467,337
16	2040	2.0%	\$ -	\$ 959,211,888	\$ 957,431,017	70%	\$ 3,378,295	\$ 39,468,750	\$ 1,447,841	\$ 16,915,178
17	2041	2.0%	\$ -	\$ 978,396,126	\$ 976,615,255	70%	\$ 3,445,990	\$ 42,914,739	\$ 1,476,853	\$ 18,392,031
18	2042	2.0%	\$ -	\$ 997,964,048	\$ 996,183,177	70%	\$ 3,515,038	\$ 46,429,777	\$ 1,506,445	\$ 19,898,476
19	2043	0%	\$ -	\$ 997,964,048	\$ 996,183,177	70%	\$ 3,585,466	\$ 50,015,243	\$ 1,536,628	\$ 21,435,104
20	2044	0%	\$ -	\$ 997,964,048	\$ 996,183,177	70%	\$ 3,585,466	\$ 53,600,710	\$ 1,536,628	\$ 22,971,733
21	2045	2.0%	\$ -	\$ 1,017,923,329	\$ 1,016,142,458	70%	\$ 3,585,466	\$ 57,186,176	\$ 1,536,628	\$ 24,508,361
22	2046	2.0%	\$ -	\$ 1,038,281,796	\$ 1,036,500,925	70%	\$ 3,657,304	\$ 60,843,480	\$ 1,567,416	\$ 26,075,777
23	2047	2.0%	\$ -	\$ 1,059,047,432	\$ 1,057,266,561	70%	\$ 3,730,578	\$ 64,574,058	\$ 1,598,819	\$ 27,674,596
24	2048	2.0%	\$ -	\$ 1,080,228,380	\$ 1,078,447,509	70%	\$ 3,805,318	\$ 68,379,376	\$ 1,630,851	\$ 29,305,447
25	2049	2.0%	\$ -	\$ 1,101,832,948	\$ 1,100,052,077	70%	\$ 3,881,553	\$ 72,260,929	\$ 1,663,523	\$ 30,968,970
26	2050	2.0%	\$ -	\$ 1,123,869,607	\$ 1,122,088,736	70%	\$ 3,959,312	\$ 76,220,241	\$ 1,696,848	\$ 32,665,817
27	2051	2.0%	\$ -	\$ 1,146,346,999	\$ 1,144,566,128	70%	\$ 4,038,626	\$ 80,258,867	\$ 1,730,840	\$ 34,396,657
28	2052	2.0%	\$ -	\$ 1,169,273,939	\$ 1,167,493,068	70%	\$ 4,119,527	\$ 84,378,394	\$ 1,765,512	\$ 36,162,169
29	2053	0%	\$ -	\$ 1,169,273,939	\$ 1,167,493,068	70%	\$ 4,202,046	\$ 88,580,440	\$ 1,800,877	\$ 37,963,046
30	2054	0%	\$ -	\$ 1,169,273,939	\$ 1,167,493,068	70%	\$ 4,202,046	\$ 92,782,485	\$ 1,800,877	\$ 39,763,922
Total			\$ 771,611,922				92,782,485		39,763,922	

Assumptions	
Base Taxable Value ^[c]	\$1,780,871
City AV Rate	0.5142

Footnotes	
[a] Values increased at 2% annually, with two years of no growth each decade to simulate an economic downturn.	
[b] Based on project development data as provided by the Developer's model dated 11/16/2023.	
[c] As provided by the Appraisal District.	

EXHIBIT F – LEGAL DESCRIPTION OF THE ZONE



METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 124.612 acres (5,428,103 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being all of a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. RP-2023-65754; being all of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598262; being out of and a part of a called 28.9270 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598260; being all of a called 1.2603 acre tract of land conveyed to City of Friendswood as described by deed recorded under H.C.C.F. No. 20120071426; being out of and a part of Townes Road (80' right-of-way (R.O.W.)); being out of and a part of Blackhawk Boulevard (100' R.O.W.); being out of and a part of F.M. 528 (120' R.O.W.); being out of and a part of West Bay Area Boulevard (100' R.O.W.); being out of and a part of Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.); said 124.612 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly R.O.W. line of F.M. 528 and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 09°41'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 08°51'00" West, over and across said F.M. 528, a distance of 120.00 feet to the southerly end of a cutback line at the northwest corner of the intersection of said F.M. 528 and Townes Road;

THENCE, North 36°33'39" East, along said cutback line, a distance of 21.34 feet to the northerly end of said cutback line at the curved westerly R.O.W. line of said Townes Road;

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T.B.P.L.S. Firm No. 10084800



METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
PAGE 2 OF 8

THENCE, Northerly, an arc distance of 120.00 feet along said westerly R.O.W. line and a curve to the left, having a radius of 543.00 feet, a central angle of 12°39'44", and a chord which bears North 15°12'40" West, 119.76 feet to an angle point;

THENCE, North 68°27'28" East, over and across said Townes Road, a distance of 80.00 feet to the curved easterly R.O.W. line of Townes Road;

THENCE, Southerly, an arc distance of 138.66 feet along said easterly R.O.W. line and a curve to the right, having a radius of 623.00 feet, a central angle of 12°45'09", and a chord which bears South 15°09'57" East, 138.38 feet to the northerly end of a cutback line at the northeast corner of the intersection of said F.M. 528 and Townes Road;

THENCE, South 53°47'23" East, along said cutback line, a distance of 20.00 feet to the southerly end of said cutback line at the northerly R.O.W. line of said F.M. 528;

THENCE, South 08°51'00" East, over and across said F.M. 528, a distance of 120.00 feet to the southerly R.O.W. line of F.M. 528;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, a distance of 1,131.34 feet to an angle point;

THENCE, North 08°47'23" West, over and across said F.M. 528, a distance of 120.00 feet to the southerly end of a cutback line at the northwest corner of the intersection of said F.M. 528 and Blackhawk Boulevard;

THENCE, North 36°12'37" East, along said cutback line, a distance of 20.00 feet to the northerly end of said cutback line at the westerly R.O.W. line of said Blackhawk Boulevard;

THENCE, North 08°47'23" West, along said westerly R.O.W. line, a distance of 180.00 feet to an angle point;

THENCE, North 81°12'37" East, over and across said Blackhawk Boulevard, a distance of 100.00 feet to the easterly R.O.W. line of Blackhawk Boulevard;

THENCE, South 08°47'23" East, along said easterly R.O.W. line, a distance of 180.00 feet to the northerly end of a cutback line at the northeast corner of the intersection of said F.M. 528 and Blackhawk Boulevard;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,320,448 SQ. FT.)
PAGE 3 OF 8

THENCE, South 53°47'23" East, along said cutback line, a distance of 20.00 feet to the southerly end of said cutback line at the northerly R.O.W. line of said F.M. 528;

THENCE, South 08°47'23" East, over and across said F.M. 528, a distance of 120.00 feet to the southerly R.O.W. line of F.M. 528;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, a distance of 403.47 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of said 28.9270 acre tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and along the common line of said 28.9270 acre tract and said 106.472 acre tract, a distance of 1,109.36 feet to an angle point;

THENCE, North 81°12'37" East, over and across said 28.9270 acre tract, a distance of 917.54 feet to an angle point;

THENCE, North 00°56'05" West, continuing over and across said 28.9270 acre tract, a distance of 18.06 feet to an angle point;

THENCE, North 08°47'24" West, continuing over and across said 28.9270 acre tract, a distance of 156.86 feet to an angle point;

THENCE, North 68°47'23" West, continuing over and across said 28.9270 acre tract, a distance of 30.04 feet to an angle point;

THENCE, North 46°12'37" East, continuing over and across said 28.9270 acre tract, a distance of 105.00 feet to the westerly R.O.W. line of said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682;

THENCE, South 08°47'24" East, along said westerly R.O.W. line, a distance of 236.23 feet to an angle point;

THENCE, South 00°56'05" East, continuing along said westerly R.O.W. line, a distance of 116.17 feet to an angle point;

THENCE, South 14°46'31" West, continuing along said westerly R.O.W. line, at 85.85 feet passing the easterly common corner of said 28.9270 acre tract and said 10.0000 acre tract, continuing in all for a total distance of 116.17 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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THENCE, South 30°29'10" West, continuing along said westerly R.O.W. line, a distance of 116.17 feet to an angle point;

THENCE, South 38°20'29" West, continuing along said northwesterly R.O.W. line, a distance of 568.63 feet to an angle point;

THENCE, South 58°42'02" East, over and across said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), a distance of 190.71 feet to the most northerly corner of the aforesaid 1.2603 acre tract;

THENCE, South 58°44'41" East, along a northeasterly line of said 1.2603 acre tract, a distance of 308.78 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking an angle point;

THENCE, South 70°03'17" East, along a northeasterly line of said 1.2603 acre tract, a distance of 101.98 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking an angle point;

THENCE, South 58°44'41" East, along a northeasterly line of said 1.2603 acre tract, a distance of 200.02 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found on the northwesterly R.O.W. line of said West Bay Area Boulevard (100 feet wide) and marking an angle point;

THENCE, North 22°12'52" East, along said northwesterly R.O.W. line, a distance of 30.00 feet to an angle point;

THENCE, South 67°47'08" East, over and across said West Bay Area Boulevard, a distance of 100.00 feet to the southeasterly R.O.W. line of West Bay Area Boulevard;

THENCE, South 22°12'52" West, along said southeasterly R.O.W. line, a distance of 375.00 feet to an angle point;

THENCE, North 67°47'08" West, over and across said West Bay Area Boulevard, a distance of 100.00 feet to the northwesterly R.O.W. line of West Bay Area Boulevard;

THENCE, North 22°12'52" East, along said northwesterly R.O.W. line, a distance of 243.74 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking the most southerly corner of said 1.2603 acre tract and for the most easterly corner of Lots 10 and 11, Block 1, AUTUMN CREEK SECTION NINE, a subdivision plat of record at Film Code No. 497014, H.C.M.R.;

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METES AND BOUNDS DESCRIPTION
124.812 ACRES (5,428,103 SQ. FT.)
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THENCE, North 58°44'41" West, departing said northwesterly R.O.W. line and along the common line of said 1.2603 acre tract and Lots 9 and 10, Block 1, AUTUMN CREEK SECTION NINE, a distance of 634.66 feet to a 3/4-inch iron rod found marking the most westerly corner of said 1.2603 acre tract;

THENCE, North 58°42'02" West, over and across said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), a distance of 190.70 feet to the southeast line of the aforesaid 10.0000 acre tract;

THENCE, South 38°20'29" West, along said southeast line and northwesterly R.O.W. line of said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), at 502.52 feet passing a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.000 acre tract and said 106.472 acre tract, continuing in all for a total distance of 1,380.50 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLS, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

North 21°17'29" West, a distance of 80.86 feet to an angle point;

North 04°22'12" West, a distance of 216.80 feet to an angle point;

North 32°41'57" West, a distance of 184.39 feet to an angle point;

North 51°06'03" West, a distance of 159.93 feet to an angle point;

North 74°03'08" West, a distance of 164.71 feet to an angle point;

South 48°02'49" West, a distance of 44.69 feet to an angle point;

North 73°53'13" West, a distance of 47.50 feet to an angle point;

South 49°24'27" West, a distance of 89.87 feet to an angle point;

North 75°14'40" West, a distance of 40.66 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
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South 43°53'50" West, a distance of 146.10 feet to an angle point;
South 25°05'22" West, a distance of 134.50 feet to an angle point;
South 83°33'17" West, a distance of 49.30 feet to an angle point;
South 21°22'27" West, a distance of 73.69 feet to an angle point;
North 77°09'16" West, a distance of 62.96 feet to an angle point;
South 59°48'42" West, a distance of 48.72 feet to an angle point;
North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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North 27°29'30" East, a distance of 63.48 feet to an angle point;

North 19°02'35" East, a distance of 103.93 feet to an angle point;

North 14°38'12" East, a distance of 53.72 feet to an angle point;

North 13°22'21" West, a distance of 9.00 feet to an angle point;

North 15°04'35" East, a distance of 70.83 feet to an angle point;

North 31°32'46" West, a distance of 52.49 feet to an angle point;

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

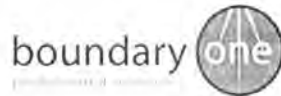
North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

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METES AND BOUNDS DESCRIPTION
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THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 124.612 acres (5,428,103 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburg, R.P.L.S.
Boundary One, L.L.C.
T.B.P.L.S Firm No. 10084800
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November 2, 2023



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EXHIBIT G – EXISTING AND PROPOSED USES OF THE PROPERTY

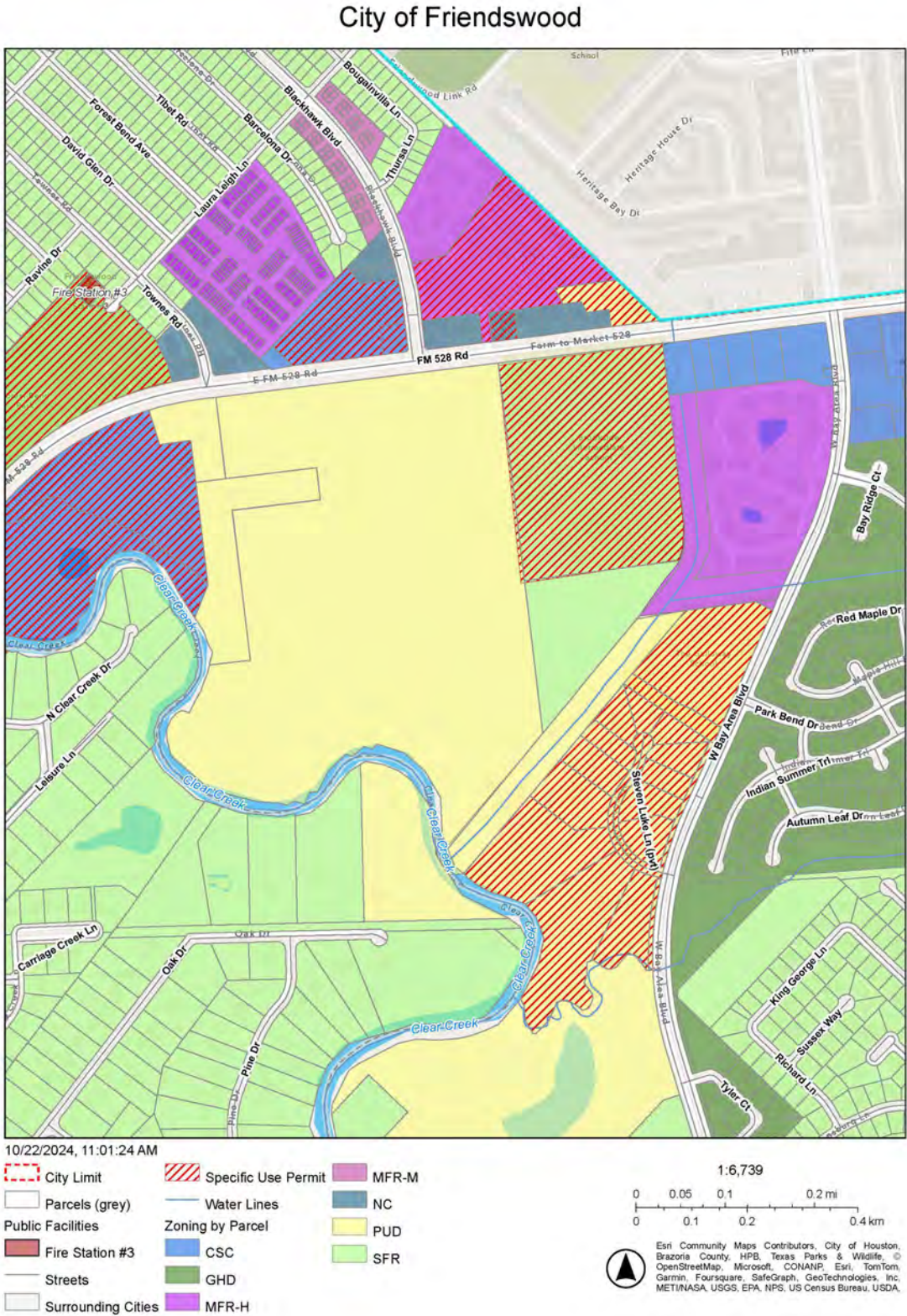
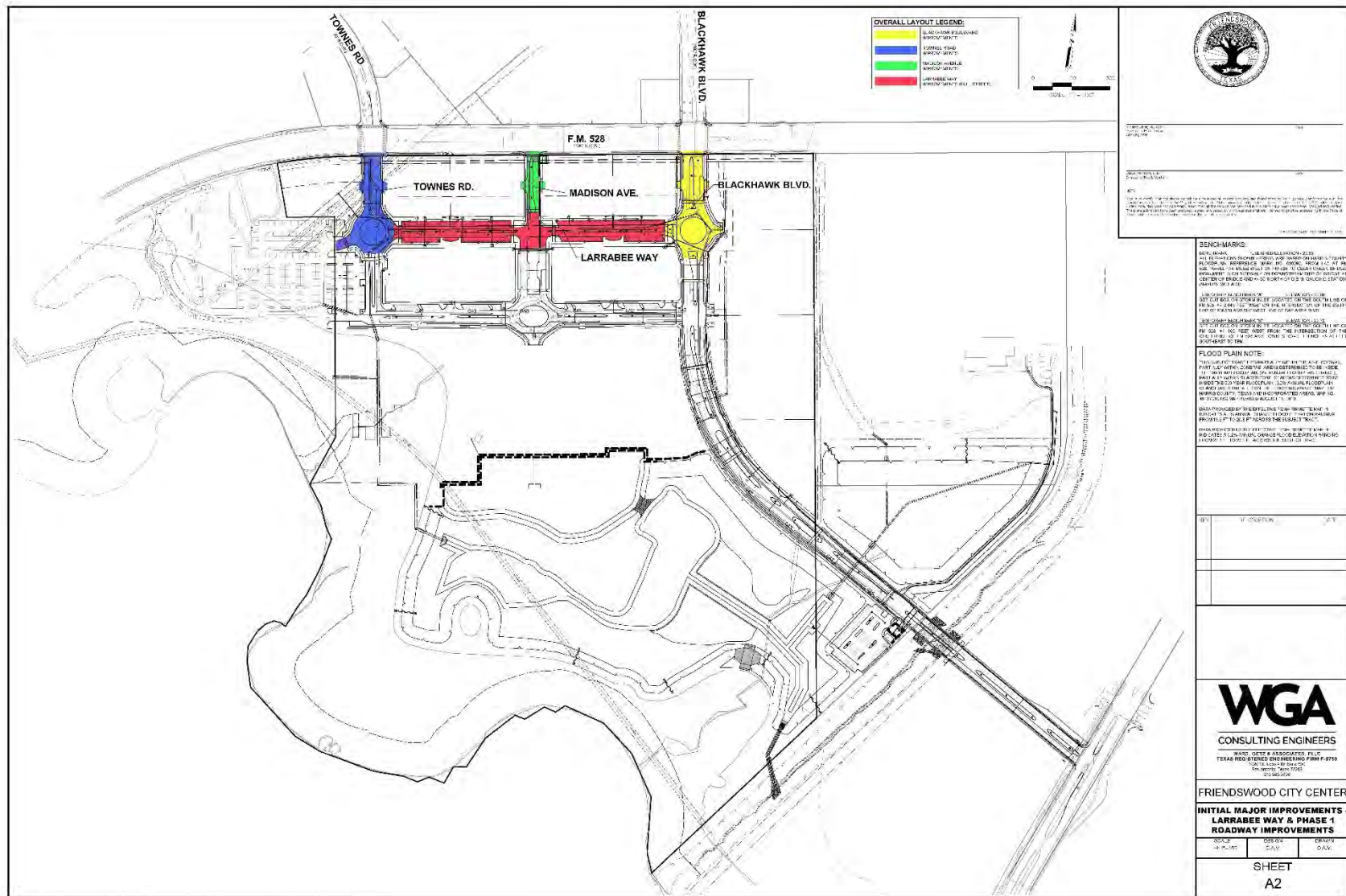
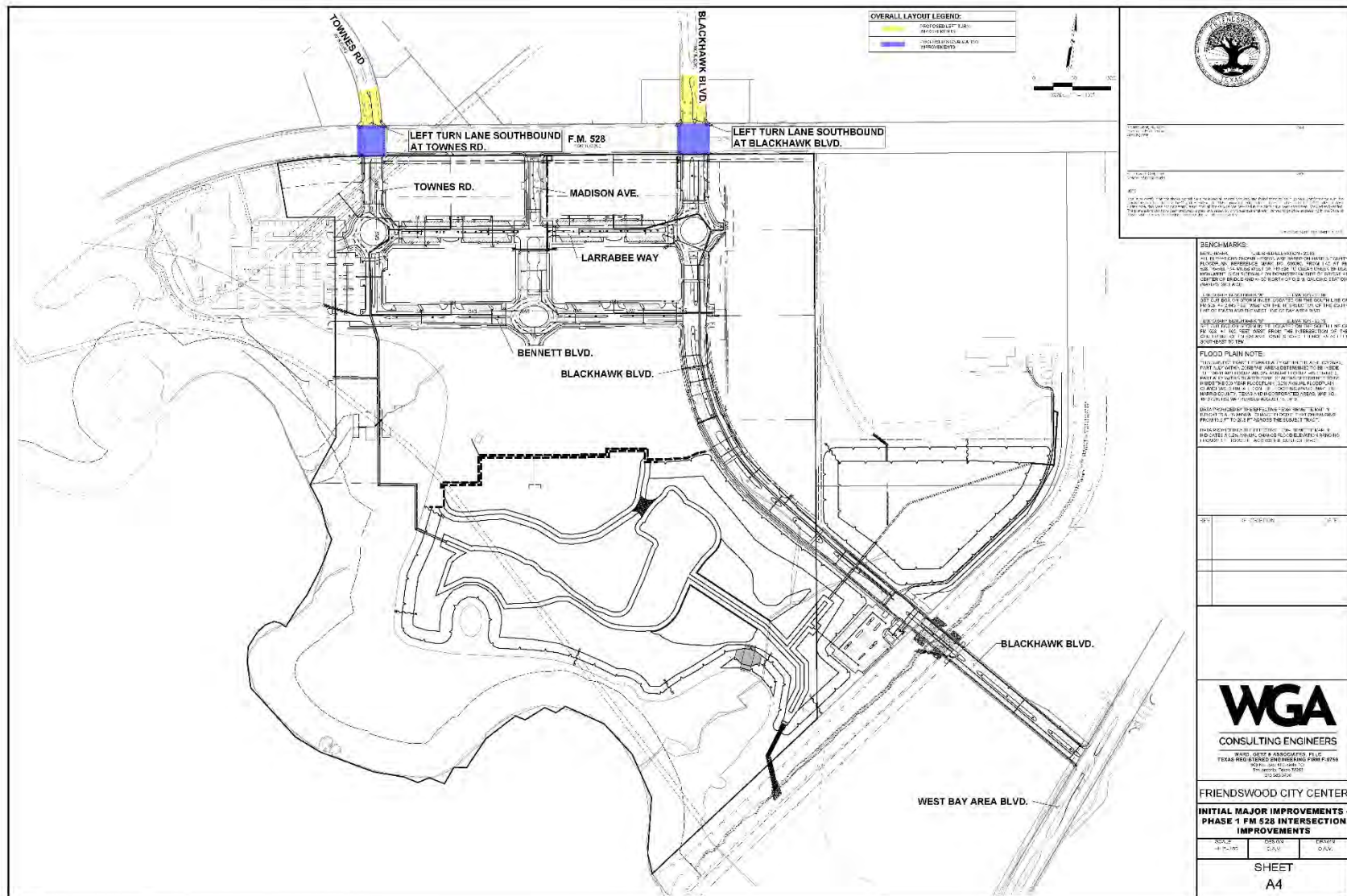
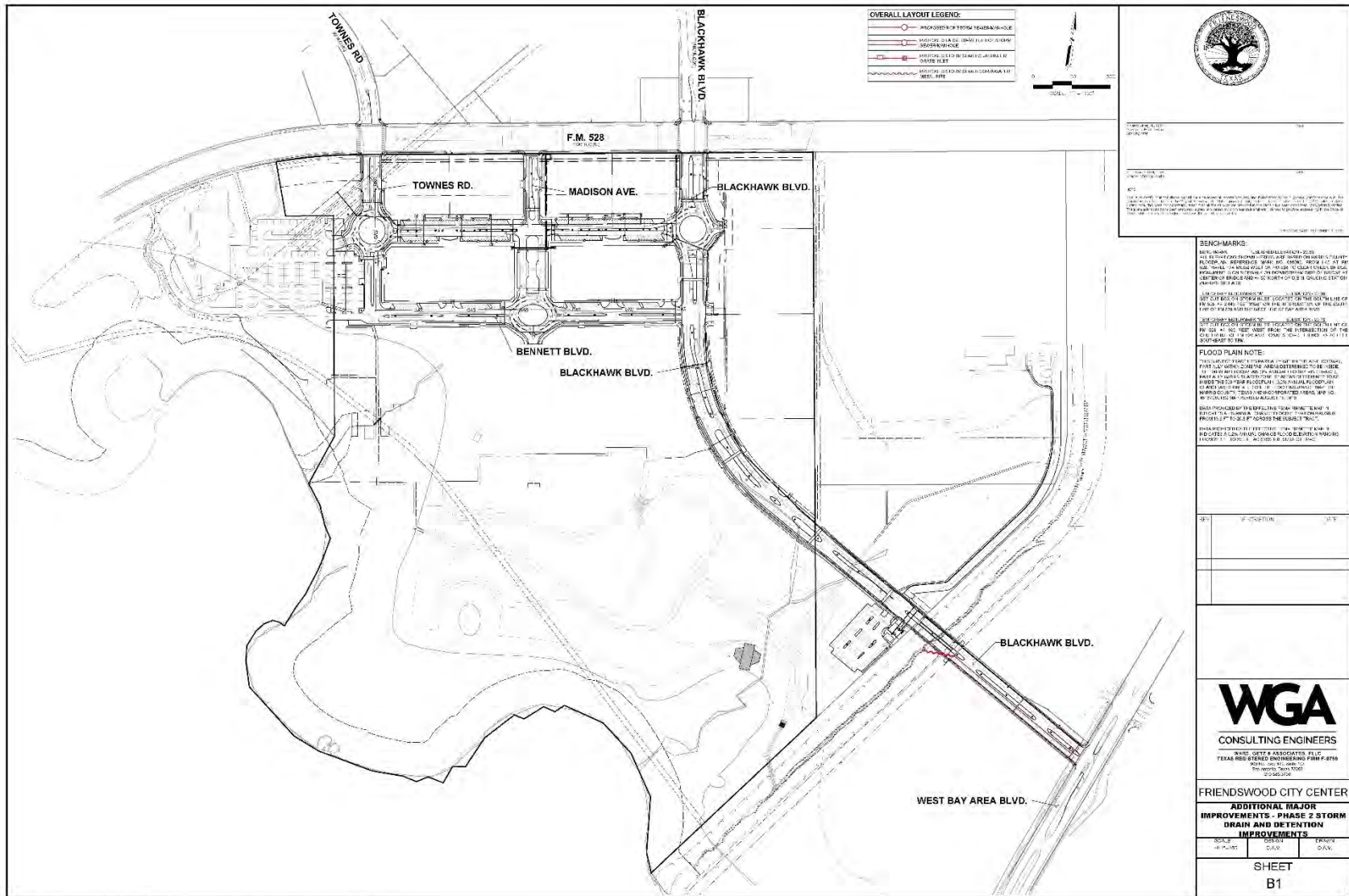


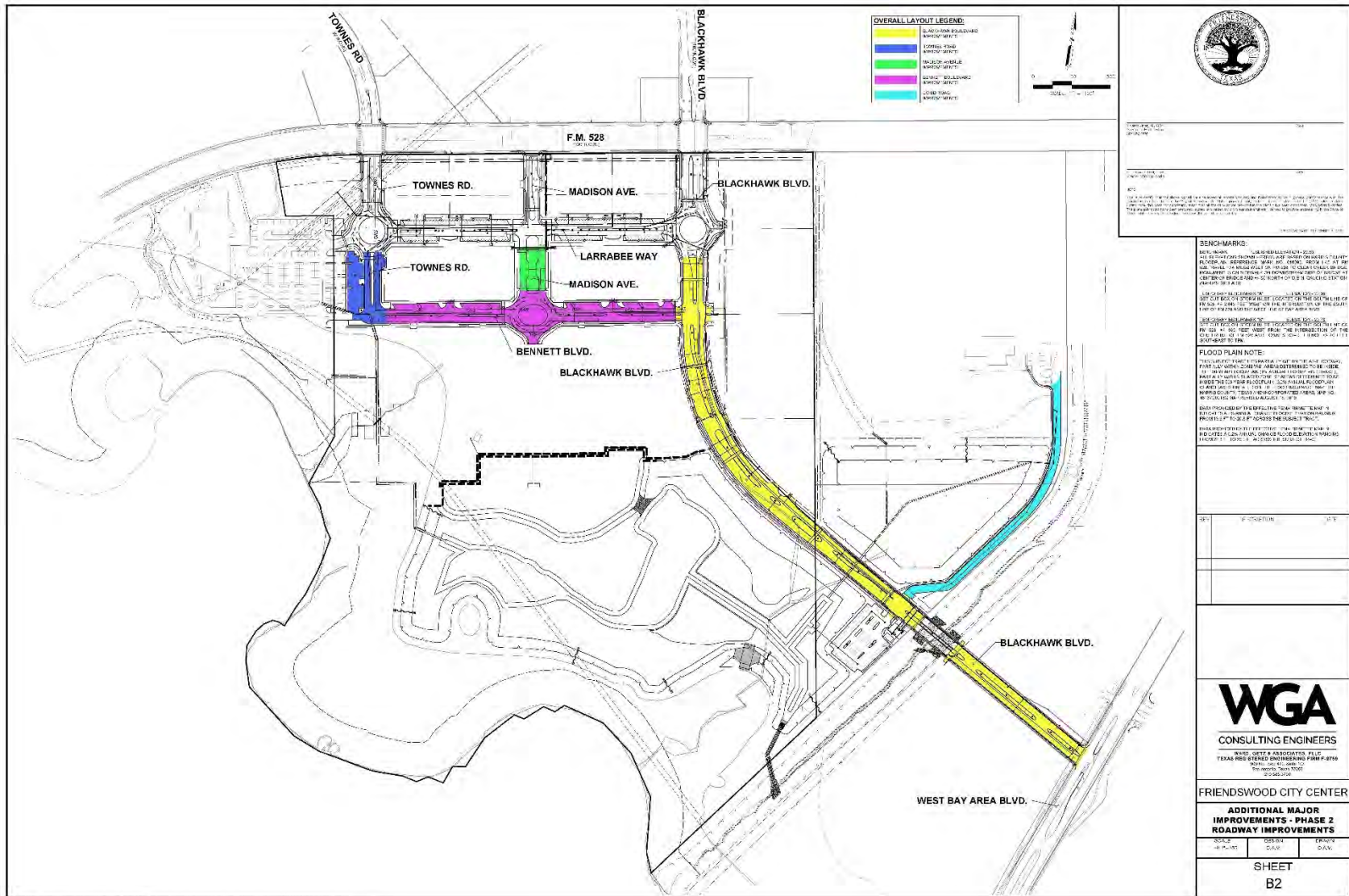


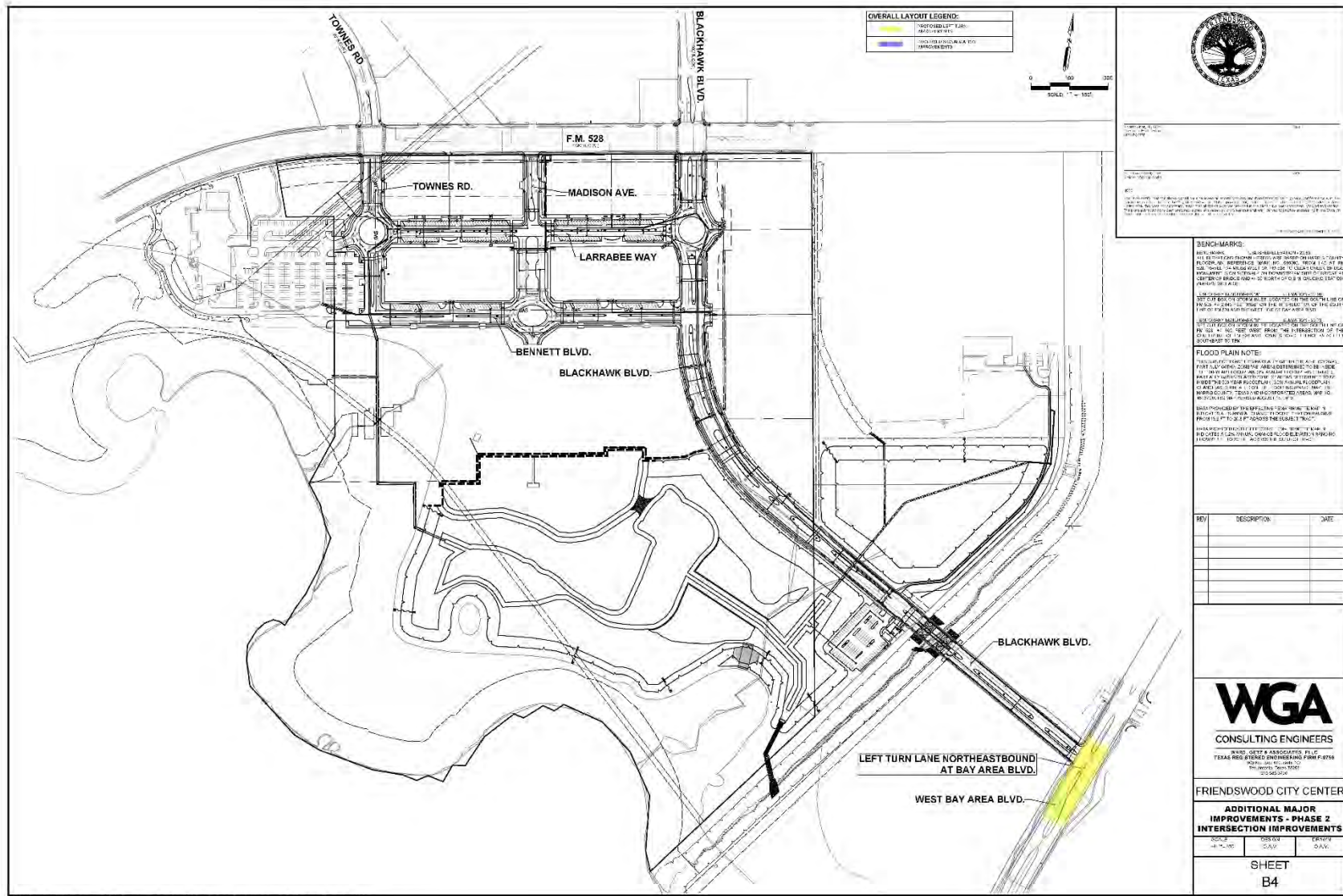
EXHIBIT H – MAP OF THE PUBLIC IMPROVEMENTS

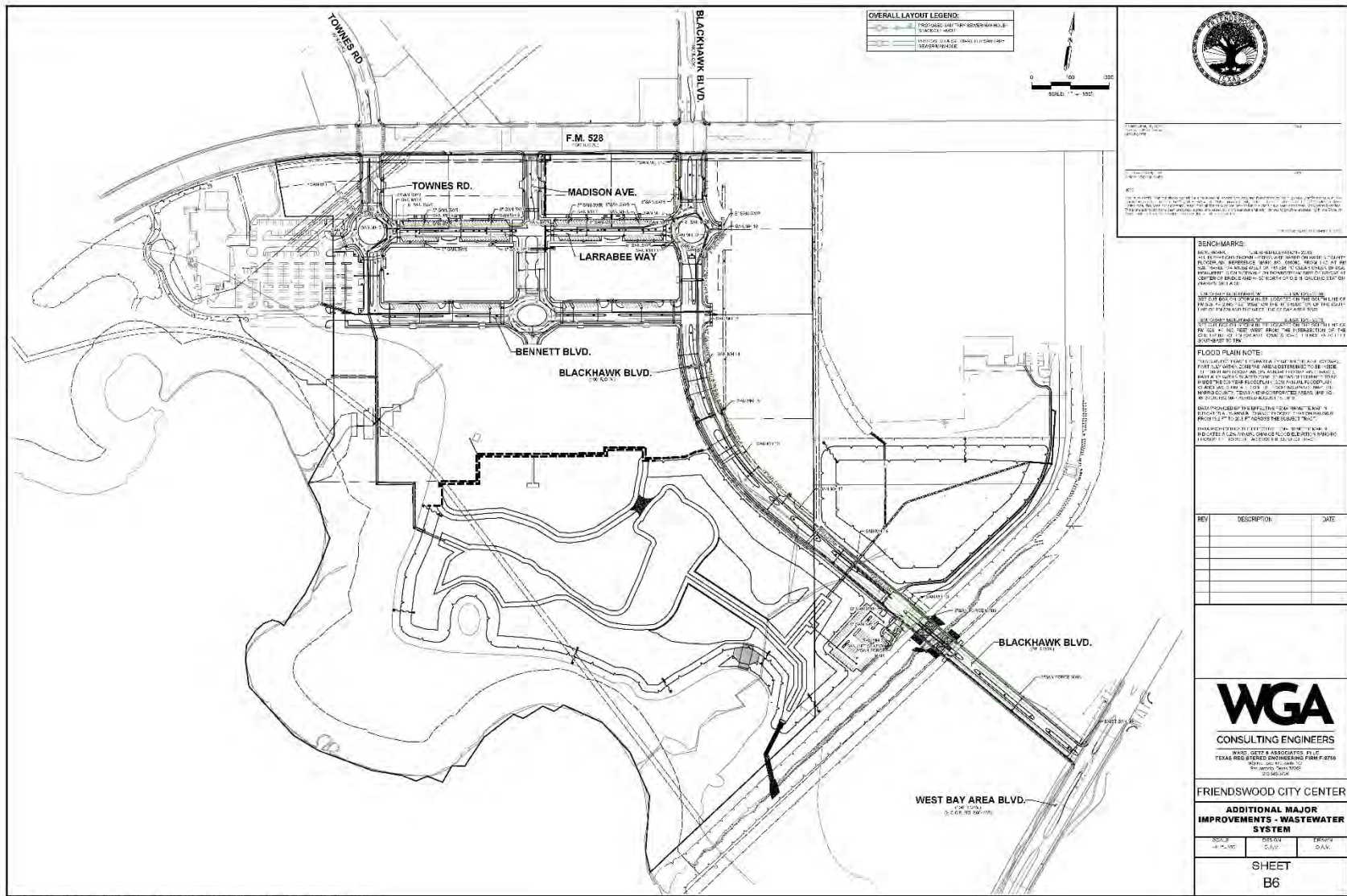


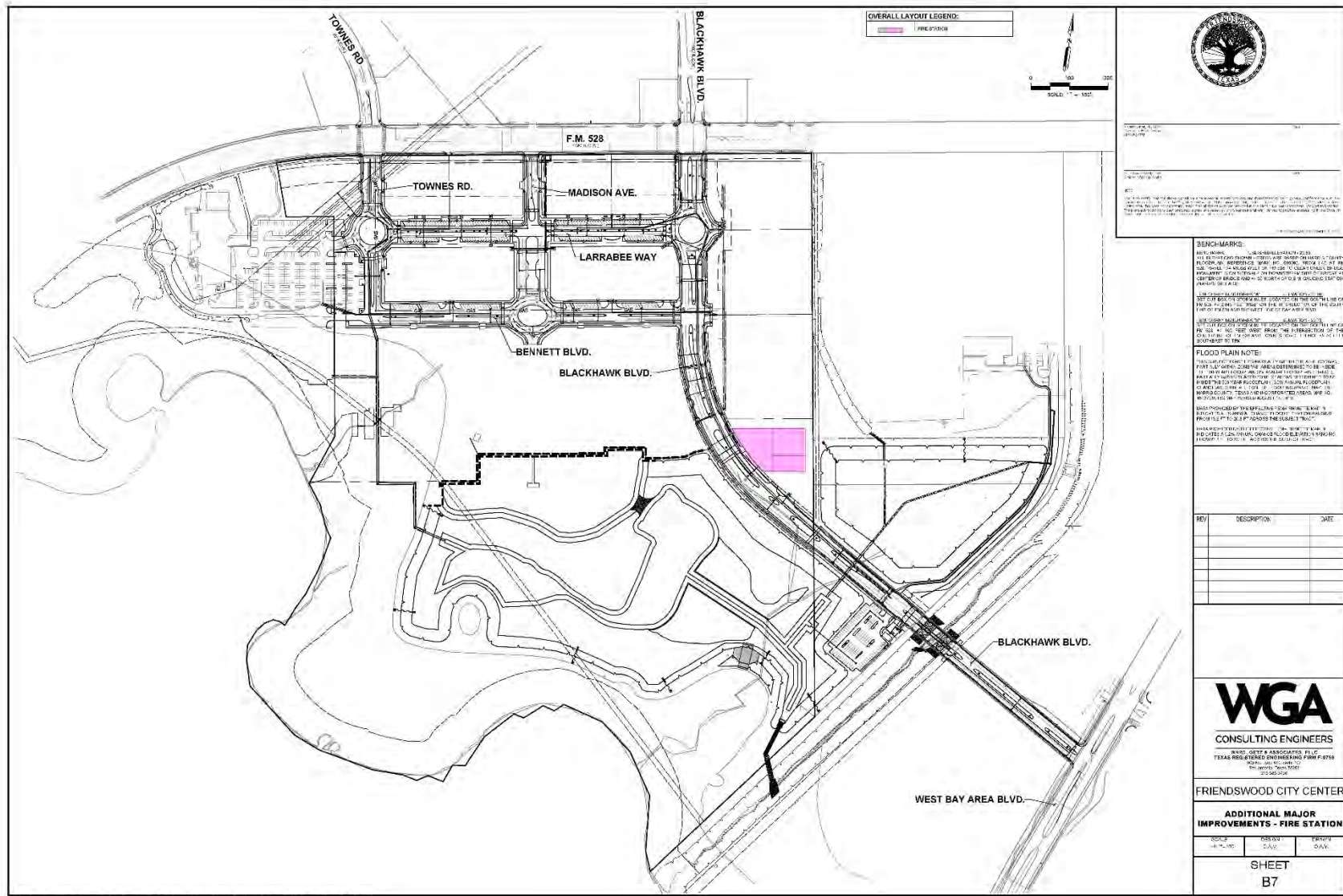


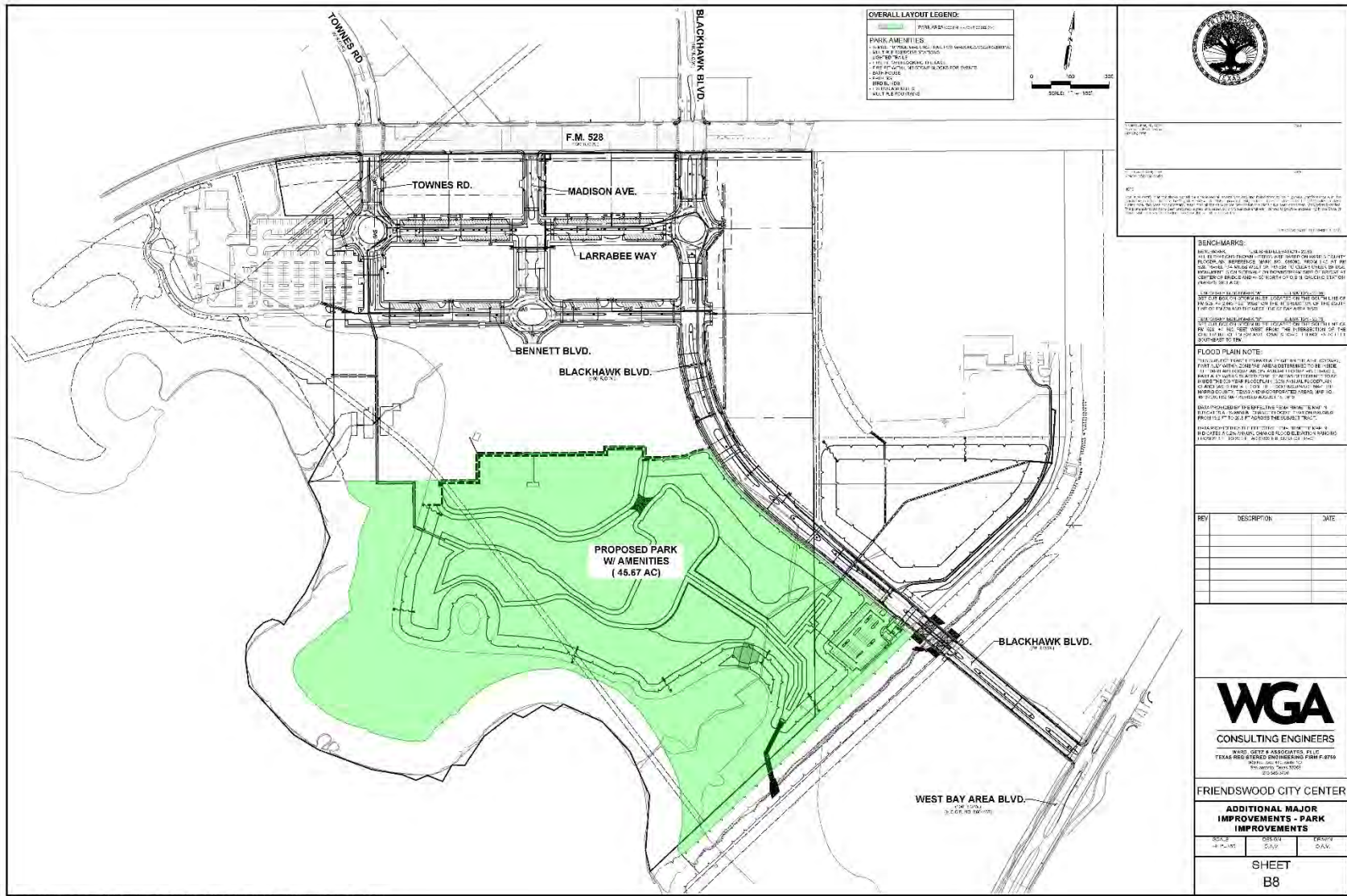














FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 07/01/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider approving the TIRZ Development Agreement by and between Madison Development Corp., LLC, the City of Friendswood, and Reinvestment Zone Number One, City of Friendswood.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This item allows the Board of Directors of the Reinvestment Zone Number One, City of Friendswood (the "Zone") to approve the TIRZ Development Agreement (the "Agreement") by and between (i) Madison Development Corp., LLC, (ii) the City of Friendswood, and (iii) the Zone for the development and financing of certain public improvements associated with the proposed development within the Zone.

Under the proposed Agreement, Developer will:

1. the Friendswood City Center mixed-use commercial development within the Zone, consisting of (i) approximately 500 multi-family units; (ii) approximately 191,000 square feet of medical/office use; (iii) a maximum 150-room hotel and approximately 5,000 square foot conference facility; (iv) approximately 63,800 square feet of restaurant and retail space; (v) approximately 52 acres of public parks and approximately 5.2 miles of public trails; (vi) a maximum of 300 condominium units; and (vii) a minimum 2,188-space parking garage (the "Project");
2. construct certain public improvements, including streets, detention, storm drainage, water, sanitary sewer, sanitary lift station, landscaping, amenities, parks, school playing fields for Brookside Intermediate School, and a fire station;
3. maintain the public improvements until the same are accepted by the City (or, as to the playing fields, the Clear Creek Independent School District) as being in compliance with the approved plans and specifications;
4. not protest Harris County Appraisal District's assessed tax values;
5. convey all necessary easements pertaining to the public improvements; and
6. pay all permit and impact fees applicable to the Project.

Under the proposed Agreement, the City will:

1. reimburse the Developer for certain public improvements costs advanced by the Developer on behalf of the City from tax increment generated by the Project; and
2. provide an economic development grant to Developer pursuant to Chapter 380 of the Texas Local Government Code to support the development of the Project, subject to Developer's completion of the public improvements.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. TIRZ #1 Developer Reimbursement Agreement City Center

TIRZ DEVELOPMENT AGREEMENT

By and Between

**REINVESTMENT ZONE NUMBER ONE,
CITY OF FRIENDSWOOD**

and

THE CITY OF FRIENDSWOOD, TEXAS

and

MADISON DEVELOPMENT CORP., LLC

TIRZ DEVELOPMENT AGREEMENT

This **TIRZ DEVELOPMENT AGREEMENT** (“Agreement”), effective ____, 2024 (“Effective Date”), is made by and among **REINVESTMENT ZONE NUMBER ONE, CITY OF FRIENDSWOOD** (“Zone”), a tax increment reinvestment zone created by the City of Friendswood, Texas, pursuant to Chapter 311, Texas Tax Code, as amended (“Act”), acting by and through its governing body, the Board of Directors (“Zone Board”), **THE CITY OF FRIENDSWOOD, TEXAS**, a Texas home-rule municipal corporation (“City”), and **MADISON DEVELOPMENT CORP., LLC**, a Texas limited liability company (“Developer”) (each a “Party,” and together, “the Parties”).

RECITALS

WHEREAS, pursuant to the Act, by Ordinance No. 2023-31, passed, approved and adopted by the City Council of the City (“City Council”) on December 4, 2023, the City created the Zone, a description of which is attached hereto as Exhibit A, and approved the preliminary reinvestment zone financing plan for the Zone; and

WHEREAS, on [____], 2024, the Zone Board adopted a project plan and reinvestment zone financing plan for the Zone (the “Project and Financing Plan”) that provides for the development of certain public works and improvements in the Zone, and by Ordinance No. 2024-[____], passed, approved and adopted by City Council on [____], 2024, the Project and Financing Plan was approved by the City Council; and

WHEREAS, the Act provides that the Zone and the City may enter into agreements as the Zone Board and the City Council consider necessary or convenient to implement the Project and Financing Plan and achieve its purposes; and

WHEREAS, the Developer desires to proceed with the design, development, construction, maintenance, management, use and operation of a mixed-use commercial development within the Zone to be known as Friendswood City Center, consisting of (i) approximately 500 multi-family units; (ii) approximately 191,000 square feet of medical/office use; (iii) a maximum 150-room hotel and approximately 5,000 square foot conference facility; (iv) approximately 63,800 square feet of restaurant and retail space; (v) approximately 52 acres of public parks and approximately 5.2 miles of public trails; (vi) a maximum of 300 condominium units; and (vii) a minimum 2,188-space parking garage (“Project”), in accordance with the Planned Unit Development—Friendswood City approved by the City on November 6, 2023, as may be amended from time to time, and that certain City Center Development Agreement by and between the City and Developer effective as of January 22, 2024, as may be amended from time to time (the “PID Agreement”) ; and

WHEREAS, in connection with the development of the Project, Developer intends to construct and install certain Public Improvements (as hereinafter defined), which consist of both the City Center PID Projects (as hereinafter defined) and the City Center Non-PID Projects (as hereinafter defined) contemplated in the Project and Financing Plan and the PID Development Agreement; and

WHEREAS, pursuant to Section 311.010(h) of the Act, subject to the approval of City Council, the Zone Board, as necessary or convenient to implement the Project and Financing Plan and achieve their purposes, is authorized to establish and provide for the administration of one or more programs for the public purposes of developing and diversifying the economy of the Zone, eliminating unemployment and underemployment in the Zone, and developing or expanding transportation, business, and commercial activity in the Zone, including programs to make grants and loans from the Revenue Fund (as hereinafter defined) in an aggregate amount not to exceed the amount of the City Tax Increment (as hereinafter defined) paid into the Revenue Fund, for activities that benefit the Zone and stimulate business and commercial activity in the Zone; and

WHEREAS, consistent with the foregoing, the Project and Financing Plan provides that the Zone may fund an economic development program to incentivize private enterprise in the Zone and serve as a catalyst for other business developments by inducing private development paired with public investment to develop and diversify the economy of the Zone, eliminate unemployment and underemployment in the Zone and develop or expand transportation, business and commercial activity in the Zone (the “Zone 380 Program”); and

WHEREAS, Developer anticipates and recognizes that the development of the Project and the construction and installation of the Public Improvements pursuant to this Agreement will significantly contribute to the economic improvement and development of the Zone through the attraction of new businesses and the creation of temporary and permanent new jobs in the Zone; and

WHEREAS, the Zone Board and the City Council recognize the positive economic impact that the Project will bring to the Zone through the development and diversification of the economy, the elimination and reduction of unemployment and underemployment through the creation of new jobs, and the development of business and commercial activity through the attraction of new businesses pursuant to Chapter 380 of the Texas Local Government Code (“Chapter 380”); and

WHEREAS, the Act provides that the Zone and the City may enter into agreements as the Zone Board and the City Council consider necessary or convenient to implement the Project and Financing Plan and achieve its purposes; and

WHEREAS, the Zone Board and the City Council have determined that it is in the best interest of the Zone and the City to contract with the Developer, a developer of land within the Zone, in order to provide for the efficient and effective implementation of certain aspects of the Project and Financing Plan; and

WHEREAS, the Zone Board and the City Council have concluded and hereby find that the establishment of the Zone 380 Program, the development of the Project, and the construction and installation of the Public Improvements pursuant to the Agreement promote economic development within the Zone and, as such, meet the requirements of Section 311.010(h) of the Act and Chapter 380, and further, are in the best interests of the Zone, the City and the Developer; and

WHEREAS, in consideration of the Developer’s intent to construct the Public Improvements in connection with the development of the Project, the Zone Board and the City

Council have determined that it is in the best interest of the Zone and the City to enter into this Agreement pursuant to Chapter 380 and other laws applicable to the development of the Public Improvements as an economic incentive for the Developer to develop the Project and construct the Public Improvements; and

WHEREAS, pursuant to the foregoing, the Zone Board and the City agree to utilize the Available Tax Increment (as hereinafter defined) to (i) reimburse the Developer for a portion of the costs of the City Center Non-PID Projects advanced on behalf of the City and (ii) make the 380 Grant (as hereinafter defined) to Developer to support the development of the Project and the completion of the Public Improvements.

AGREEMENT

NOW THEREFORE, for and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 GENERAL TERMS

1.1 Definitions. The terms “Act,” “Agreement,” “Chapter 380,” “City,” “City Council,” “Developer,” “Effective Date,” “Party,” “Parties,” “PID Agreement,” “Project,” “Project and Financing Plan,” “Zone,” “Zone 380 Program,” and “Zone Board” have the above meanings, and the following terms have the following meanings:

“380 Grant” shall mean an economic development grant made to the Developer pursuant to the Zone 380 Program in an amount not to exceed the lesser of (i) Developer’s actual costs of financing the construction of the Public Improvements or (ii) the Maximum 380 Grant Amount.

“Additional Reimbursement Amount” shall mean an amount equal to the amount of Available Tax Increment, if any, remaining in the Revenue Fund, after (i) all Project Costs of the City Center Non-PID Projects and (ii) the 380 Grant have been repaid in full from the TIRZ Contribution, that may be available to reimburse the Developer for any excess Project Costs that have not been and will not be paid for or reimbursed from another funding source, either pursuant to the PID Agreement or otherwise, subject to the TIRZ Cap.

“Administrative Costs” shall mean all costs incurred by the City for the administration of the Zone, including legal, bookkeeping, auditing, and other professional and/or consulting service costs, during the Term.

“Applicable Law” shall mean any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, or other Governmental Authority. Applicable Laws shall include, but not be limited to, City Regulations.

“Assessments” shall have the meaning assigned to that term in the PID Agreement.

“Available Tax Increment” shall mean the City Tax Increment deposited into the Revenue Fund other than those funds required to be used to (i) subsidize the Assessments pursuant to the PID Agreement; and (ii) pay Administrative Costs, which Available Tax Increment may not exceed the TIRZ Cap.

“Base Year Value” shall mean the value of the property in the Zone on January 1, 2023, as established and certified by the Harris Central Appraisal District.

“City Center Non-PID Projects” shall mean the Public Improvements other than the City Center PID Projects and includes the Playing Fields and the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B.

“City Center PID Projects” shall mean the Public Improvements defined and described in the Project and Financing Plan that will be funded by PID Bonds or Assessments.

“City Regulations” shall mean the provisions of the City’s Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, which shall be applied to the Project and the Public Improvements.

“City Representative” shall mean the City Manager or any person or persons designated by the City Manager to act on behalf of the City.

“City Tax Increment” shall mean seventy percent (70%) of the City’s ad valorem taxes levied and collected by the City above the Base Year Value on the captured appraised value of real property taxable by the City within the Zone and deposited into the Revenue Fund.

“Commence Construction” or “Commencement of Construction” shall mean, with respect to the Public Improvements (or a component thereof, including the Detention and Road Improvements) that (i) the plans have been prepared and all approvals thereof required by applicable Governmental Authorities have been obtained for construction of the applicable Public Improvements, or component thereof, as the case may be, and, with respect to the Detention and Road Improvements, the ISD License Assignment (which shall occur contemporaneously with the issuance of a notice to proceed for the Detention and Road Improvements) has occurred; (ii) all necessary permits for the initiation of construction of the applicable Public Improvements, or component thereof, as the case may be, pursuant to the respective plans therefor have been issued by all applicable Governmental Authorities; and (iii) the grading of the property on which the applicable Public Improvements, or component thereof, as the case may be, will be constructed has commenced.

“Complete Construction” or “Completion of Construction” shall mean, with respect to the Public Improvements (or a component thereof, including the Detention and Road Improvements), that the Director has determined that the Developer has completed construction thereof substantially in accordance with City Regulations and the Plans and Specifications so that the applicable Public Improvements, or component thereof, as the case may be, can be used and maintained for their intended purposes, and the City (or, with respect to the Playing Fields, the ISD) has accepted the applicable Public Improvements, or component thereof (and, with respect to the Fire Station, has issued a temporary certificate of occupancy therefor), and confirmed that Final Completion has been reached with respect to such the applicable Public Improvements, or component thereof.

“Detention and Road Improvements” shall mean the City Center PID Projects consisting of (i) the public improvements on that certain 10-acre tract that the ISD will convey to the City pursuant to the ISD Agreement, including a detention pond; and (ii) certain public road improvements adjacent to the School, including (a) a public roadway providing additional access to the School, and (b) a segment of an extension to Blackhawk Boulevard, all as depicted in Exhibit H to the Project and Financing Plan.

“Detention and Road Improvements Completion Deadline” shall have the meaning set forth in Section 3.4 of this Agreement.

“Developer Advances” shall mean any funds advanced by Developer for the City Center Non-PID Projects pursuant to Section 6.1 of this Agreement, expressly including, but not limited to, out-of-pocket expenses.

“Director” shall mean the director of the City’s Engineering Department, or his or her designee.

“Final Completion” shall mean the point in the construction of the Public Improvements (or a component thereof) when the City determines that the Public Improvements, or a component thereof, as the case may be, are completed, including punch list work.

“Fire Station” shall mean the City fire station within the Zone as set forth in the Project and Financing Plan in the location depicted in Exhibit H to the Project and Financing Plan or at such other location as may be mutually agreed by the City and the Developer.

“Fire Station Completion Deadline” shall have the meaning set forth in Section 3.4 of this Agreement.

“Force Majeure” shall mean any act that (i) materially and adversely affects the affected Party’s ability to perform the relevant obligations under this Agreement or delays such affected Party’s ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party’s fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. “Force Majeure” shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; (f) epidemics or pandemics where shut-down of commercial construction or the manufacturing of supplies relating thereto has been ordered by a Governmental Authority; and (g) actions or omissions of a Governmental Authority (including the actions of the City in its capacity as a Governmental Authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Applicable Law or failure to comply with City Regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (i) economic hardship; (ii) changes in market condition; (iii) any strike or labor dispute involving the employees of the Developer or any Affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (iv) during construction, weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; (v) the occurrence of any manpower, material or equipment shortages except as set forth in (f)

above; or (vi) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for Public Improvements.

“Form 1295” shall have the meaning set forth in Section 9.13 of this Agreement.

“Governmental Authority” shall mean any Federal, state or local governmental entity (including the City and any taxing authority) or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof), pursuant to the terms of this Agreement or by agreement of the Parties.

“ISD” shall mean the Clear Creek Independent School District.

“ISD Agreement” shall mean that certain Agreement to Convey Property and to License Property by and between the ISD and the City dated effective as of /_____/, 2024.

“ISD License” shall mean that certain license by the ISD to the City of certain real property owned by the ISD pursuant to the ISD Agreement to facilitate the installation of the Playing Fields.

“ISD License Assignment” shall mean the City’s assignment of the ISD License to the Developer pursuant to the ISD Agreement.

“Maximum 380 Grant Amount” shall mean the amount of \$1,250,000.

“Outside Contribution Date” shall have the meaning set forth in Section 9.11 of this Agreement.

“PID” shall mean the Friendswood City Center Public Improvement District created by the City pursuant to Resolution No. R2024-01, approved by the City Council on January 8, 2024.

“PID Bonds” shall have the meaning assigned to such term in the PID Agreement.

“Plans and Specifications” shall mean the designs, plans and specifications for the Public Improvements prepared by a consultant acceptable to the City and Developer at the direction of Developer and approved by the Director in accordance with Section 4.2 of this Agreement.

“Playing Fields” shall mean the filling in and grading of an existing detention site for use as playing fields on certain real property owned by the ISD and utilized for the School, which shall include hydromulching the site and installing thereon an irrigation system connected to the ISD’s existing water system.

“Project Costs” shall mean eligible “Project Costs” as defined in Section 311.002 of the Act relating to (i) the actual costs of planning, designing, acquiring, constructing and installing the City Center Non-PID Projects incurred by the Developer, whether before or after the date of this Agreement, including, but not limited to, the engineering, planning, accounting, architectural, legal fees and expenses, survey, testing, laboratory costs, any impact or capital recovery fees, land clearing and grading costs, advertising and other bidding costs, amounts due under construction contracts, and costs of labor and material of the Playing Fields and the portion of the Fire Station that will not be funded by PID Bonds or Assessments, the total estimated costs of which are set

forth in Exhibit B attached hereto, (ii) the Developer's financing costs, in an amount not to exceed the amount of the 380 Grant, relating to the Public Improvements, as set forth in Exhibit B attached hereto; and, if applicable, (iii) the actual costs of planning, designing, acquiring, constructing and installing the Public Improvements to the extent that these costs exceed the amount of such costs that have been or will be paid for or reimbursed from another funding source, either pursuant to the PID Agreement or otherwise, in an amount not to exceed the Additional Reimbursement Amount.

"Public Improvements" shall mean the public improvements within the Zone as set forth in the Project and Financing Plan, which include the City Center PID Projects and the City Center Non-PID Projects.

"Revenue Fund" shall mean the special fund established and funded by the City with payments made by the City which are attributable to the City Tax Increment.

"School" shall mean Brookside Intermediate School, which is operated by the ISD.

"Term" shall have the meaning set forth in Section 9.11 of this Agreement.

"TIRZ Cap" shall mean the lesser of (i) the amount generated by the City Tax Increment over the life of the Zone or (ii) the amount of \$100,000,000.

"TIRZ Contribution" shall mean the actual costs of the Project Costs, as defined herein, which shall be determined by adding together the following amounts: (i) an amount equal to the actual cost of the design and construction of the City Center Non-PID Projects; (ii) an amount equal to the 380 Grant; and (iii) if applicable, an amount equal to the Additional Reimbursement Amount; provided however, the TIRZ Contribution shall not exceed the lesser of (x) the amount of the Project Costs minus any amount paid for or reimbursed from another funding source, either pursuant to the PID Agreement or otherwise (as further provided in Section 6.4 of this Agreement), (y) the Available Tax Increment through the Outside Contribution Date, or (z) the TIRZ Cap.

1.2 Singular and Plural. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa.

ARTICLE 2 REPRESENTATIONS

2.1 Representations of City. The City hereby represents to Developer that as of the Effective Date:

A. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act).

B. The City has all requisite power and authority to execute this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby.

C. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the City and constitute legal, valid and binding obligations enforceable against the City in accordance with the terms subject to principles of governmental immunity and the enforcement of equitable rights.

D. The consummation by the City of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any of the terms of any agreement or instrument to which the City is a Party, or by which the City is bound, or of any provision of any Applicable Law.

E. No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the construction of or the Public Improvements or the City's payment and reimbursement obligations under this Agreement, or otherwise contesting the powers of the City or the authorization of this Agreement or any agreements contemplated herein.

F. The Public Improvements and the Project Costs are components of or are consistent with the Project and Financing Plan.

2.2 Representations of Zone Board. The Zone Board hereby represents to Developer that as of the Effective Date:

A. The Zone is duly authorized, created, and existing under the laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

B. The Zone has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, (ii) to the best of its knowledge, will not violate any applicable judgment, order, law or regulation, and (iii) do not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Zone under any agreement or instrument to which the Zone is a party or by which the Zone or its assets may be bound or affected.

C. The Public Improvements and the Project Costs are components of or are consistent with the Project and Financing Plan.

D. This Agreement has been duly authorized, executed and delivered by the Zone and constitutes a legal, valid and binding obligation of the Zone, enforceable in accordance with its terms.

E. The execution, delivery and performance of this Agreement by the Zone do not require the consent or approval of any person which has not been obtained.

2.3 Representations of Developer. Developer hereby represents to the City and the Zone that as of the Effective Date:

A. Developer is duly authorized, created and existing in good standing under the laws of the State of Texas and is qualified to do business in the State of Texas.

B. Developer has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof (i) have been duly authorized, (ii) will not, to the best of Developer's knowledge, violate any judgment, order, law or regulation applicable to Developer or any provisions of Developer's formation documents, and (iii) do not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of Developer under any agreement or instrument to which Developer is a party or by which Developer or its assets may be bound or affected.

C. Developer will have sufficient capital to perform its obligations under this Agreement at the time it needs to have sufficient capital.

D. This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of Developer, enforceable in accordance with its terms.

E. No consent, approval, order or authorization of, or declaration or filing with any Governmental Authority is required on the part of the Developer in connection with the execution and delivery of this Agreement or for the performance of the transactions herein contemplated by the respective Parties hereto.

F. To the best knowledge of the Developer, after reasonable inquiry, there are no pending or, to the best knowledge of the Developer, threatened, judicial, municipal or administrative proceedings, consent decree or, judgments which might affect the Developer's ability to consummate the transaction contemplated hereby, nor is there a preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and there is no statute, rule, regulation, or executive order promulgated or enacted by a governmental entity, that is in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

G. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the knowledge of the Developer, threatened against or affecting the Developer, any of the principals of the Developer and any key person or their respective Affiliates and representatives which the outcome of which would (a) materially and adversely affect the validity or enforceability of, or the authority or ability of the Developer under, this Agreement to perform its obligations under this Agreement; or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Developer or on the ability of the Developer to conduct its business as presently conducted or as proposed or contemplated to be conducted. For purposes of this representation, "Affiliates" means any other person directly controlling, or directly controlled by or under direct common control with the Developer. As used in this definition, the term "control," "controlling" or "controlled by" shall mean the possession, directly, of the power either to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of the Developer, or (b) direct or cause the direction of management or policies of the Developer, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of the Developer or any affiliate of such lender.

ARTICLE 3 THE PROJECT

3.1 The Project. The Project shall be and include the design, development, construction, maintenance, management, use and operation of the Project pursuant to this Agreement and the PID Agreement.

3.2 Public Improvements. The Project will be developed simultaneously with the Public Improvements pursuant to the timing requirements agreed upon and set forth in Section 3.4 of this Agreement. The Public Improvements shall include all design, engineering, legal and other professional fees and expenses related to such Public Improvements and shall consist of the items described in the Plans and Specifications to be approved by the City Representative, Developer, and the Director. The estimated total amount of TIRZ Contribution associated with the City Center Non-PID Projects and the estimated costs of the line items comprising the City Center Non-PID Projects are set forth in Exhibit B attached hereto.

3.3 Additional Projects. This Agreement does not apply to any projects except the Project specifically defined herein unless this Agreement is amended to provide for the design and construction of additional projects.

3.4 Right to Terminate. Notwithstanding any other provision of this Agreement, the City and the Zone, in their sole and absolute discretion, shall have the right, upon thirty (30) days' prior written notice to Developer and subject to a reasonable opportunity to cure, to terminate this Agreement if: (a) Developer does not Commence Construction of the Playing Fields and the Detention and Road Improvements on or before the date that is one (1) year from the Effective Date; or (b) Developer does not Complete Construction of the Playing Fields and the Detention and Road Improvements on or before three (3) years from the Commencement of Construction of the Playing Fields and the Detention and Road Improvements (the "Detention and Road Improvements Completion Deadline"); or (c) Developer does not Commence Construction of the Fire Station on or before the date that is five (5) years from the Effective Date; or (d) Developer does not Complete Construction of the Fire Station on or before the date that is three (3) years from the Commencement of Construction of the Fire Station (the "Fire Station Completion Deadline"); or (e) Developer becomes insolvent, or all or a substantial part of Developer's assets are assigned for the benefit of its creditors, or a receiver or trustee is appointed for Developer. No change to the Detention and Road Improvements Completion Deadline may be made without the prior written approval of the City Representative and the Superintendent of the ISD. Upon the termination of this Agreement by the City and the Zone pursuant to this Section 3.4, all rights and obligations of the Parties shall terminate and be of no further force or effect, except for any provisions of this Agreement that specifically survive termination of this Agreement.

ARTICLE 4 DUTIES AND RESPONSIBILITIES OF DEVELOPER

4.1 Construction Manager. Developer will construct the Public Improvements in the course of development of the Project. Subject to and in consideration of the TIRZ Contribution, Developer agrees (a) to act as the construction manager of the Project, and as such, will construct the Public Improvements as described in the Plans and Specifications, and (b) to provide and furnish, or cause

to be provided and furnished, all materials and services as and when required in connection with the construction of the Public Improvements. Developer will obtain all necessary permits and approvals from the City and all other Governmental Authorities having jurisdiction, will provide supervision of all phases of construction of the Public Improvements, will provide periodic reports of such construction to the Director, and will cause the construction to be performed substantially in accordance with the Plans and Specifications.

4.2 Design of the Public Improvements. Developer shall prepare or cause to be prepared the Plans and Specifications for the Public Improvements and shall make appropriate recommendations to the Director. Prior to the Commencement of Construction of the Public Improvements, the Plans and Specifications must be approved by the Director and all other Governmental Authorities having jurisdiction (including, with respect to the Playing Fields and any portion of the Detention and Road Improvements located on real property owned by the ISD, the ISD), which approval(s) shall not be unreasonably withheld, conditioned or delayed.

4.3 Award of Construction Contracts. Developer shall review the Public Improvements contract documents to ensure that the contract documents are in accordance with the approved Plans and Specifications. The Director shall timely review and approve all such construction contract documents and proposed contractors prior to bidding; such approval shall not be unreasonably withheld, conditioned or delayed. If the Director proposes revisions to the construction contract, such revisions shall be reasonably acceptable to Developer. The construction of the Public Improvements (which will be funded in whole or in part from Assessments) is anticipated to be exempt from competitive bidding pursuant to Texas Local Government Code Section 252.022(a)(9) and/or Section 311.010(g) of the Act. In the event that the costs to construct the Public Improvements do not meet the parameters for exemption from the competitive bidding requirement, then either competitive bidding or an alternative delivery method may be utilized by the Developer as allowed by Applicable Law. Developer shall notify the Director of the award of the contracts and Commencement of Construction.

4.4 Construction and Implementation of the Public Improvements. Developer shall be responsible for the inspection and supervision of the construction and implementation of the Public Improvements in accordance with all applicable City Regulations and procedures. The Developer shall provide to the City copies of all change orders and pay estimates. Upon Completion of Construction of the Public Improvements, or any component thereof, as the case may be, the Developer shall provide the City with a final cost summary of all costs associated with such contract, a certificate of Completion of Construction of the Public Improvements, or component thereof, as the case may be, a maintenance bond, and evidence that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors.

4.5 Maintenance of the Public Improvements. Until such time as the Public Improvements, or a component thereof, as the case may be, are dedicated or conveyed to the City or other public entity responsible for maintenance thereof, Developer shall maintain or cause to be maintained the Public Improvements, including, but not limited to, maintenance of the landscaping including any existing trees; the payment of charges for water for irrigation purposes, if any; and maintaining the associated irrigation and electrical systems. Developer shall take all reasonable action required to protect trees from damage due to construction activities.

4.6 Tax Protests. During the Term, following completion of the Project, Developer shall not protest Harris Central Appraisal District's assessed taxable value of the Project or the taxable real property within the Zone. If Developer does not comply with this Section, the City, at its sole discretion, may suspend performance by the City hereunder and begin procedures to terminate this Agreement for default, and the Developer shall repay to the City all portions of the TIRZ Contribution paid to the Developer hereunder within thirty (30) days of receipt of an invoice from the City for such amount owed, and interest will accrue on any amounts not reimbursed by Developer within thirty (30) days of receipt of an invoice from the City at the rate of interest specified in Texas Government Code Section 2251.025.

4.7 Conveyance of Easements. Developer shall grant the City, at no cost, all required temporary construction and access easements necessary to maintain the Public Improvements. The City shall grant Developer, at no cost, all required temporary construction and access easements necessary to install and maintain the Public Improvements. The provisions of this Section 4.7 shall survive the expiration or termination of the Agreement.

4.8 Payment of Fees. In accordance with Section 6.01 of the PID Agreement, Developer agrees to pay to the City all fees charged pursuant to the City Regulations for development of the Project and the Public Improvements.

ARTICLE 5 DUTIES AND RESPONSIBILITIES OF THE CITY

5.1 TIRZ Contribution. The City shall pay to Developer the TIRZ Contribution in accordance with and subject to the terms and conditions of this Agreement, as more particularly described in and as provided by Article 6 hereof. The TIRZ Contribution shall be financed and funded in accordance with Article 6 hereof. In the event all or a portion of the Project Costs is determined to be ineligible under the Act or is inconsistent with the Project and Financing Plan, the TIRZ Contribution shall be reduced by the amount attributable to the ineligible component(s). If the City has already repaid the Developer for such ineligible Project Costs in accordance with this Agreement, the Parties hereby agree that (i) the amount repaid to the Developer by the City for such ineligible Project Costs shall be offset against future repayments by the City, or (ii) in the event there are not future repayments to be made by the City, or such amounts are insufficient, (x) the Developer shall reimburse the City for such amount owed within thirty (30) days of receipt of an invoice from the City, and (y) interest will accrue on any amounts not reimbursed by Developer within thirty (30) days of receipt of an invoice from the City at the rate of interest specified in Texas Government Code Section 2251.025.

ARTICLE 6 PROJECT FINANCING AND FUNDING

6.1 Developer Advances.

A. Developer, in its sole discretion, shall advance sufficient funds as such become due for all costs comprising the TIRZ Contribution including, without limitation, all costs of design, engineering, materials, labor, construction, and inspection arising in connection with the City Center Non-PID Projects, including all payments arising under any contracts entered into pursuant

to this Agreement, all costs incurred in connection with obtaining governmental approvals, certificates or permits required as a part of any contracts entered into in accordance with this Agreement, all related legal fees and out-of-pocket expenses incurred in connection therewith (each, a “Developer Advance”).

B. Developer may submit a request for payment of the TIRZ Contribution with respect to the Playing Fields upon Completion of Construction of the Playing Fields and the Detention and Road Improvements, provided that Completion of Construction of the Playing Fields and the Detention and Road Improvements occurs on or before the Detention and Road Improvements Completion Deadline. Developer may submit a request for payment of the TIRZ Contribution with respect to the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B, upon Completion of Construction of the Fire Station, provided that Completion of Construction of the Fire Station occurs on or before the Fire Station Completion Deadline. With each request for payment of the Project Costs of City Center Non-PID Projects for which Developer has achieved Completion of Construction hereunder, Developer shall deliver to the City the following items:

- (a) a written request for payment;
- (b) a summary of all Project Costs incurred to-date;
- (c) a summary of all Developer Advances as of the date of the request for payment;
- (d) evidence that all contractors, subcontractors, laborers, materialmen, architects, engineers and all other parties who have performed work on or furnished materials to-date have been paid in full, together with executed and delivered releases of lien or customary affidavits executed by such contractors;
- (e) a sworn affidavit executed by an officer authorized to bind the Developer, certifying that all contractors, subcontractors, laborers, materialmen, architects, engineers and all other parties who have performed work on or furnished materials to-date have been paid in full; and
- (f) a sworn affidavit executed by an officer authorized to bind the Developer, certifying that the Project Costs for which the Developer is seeking reimbursement from the TIRZ Contribution have not been paid from, and will not be reimbursed from, any funding sources other than Available Tax Increment, including but not limited to other funding sources under the PID Agreement.

C. Upon (i) Completion of Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, and (ii) Completion of Construction of the Fire Station on or before the Fire Station Completion Deadline, Developer may submit a request for payment of the TIRZ Contribution with respect to the 380 Grant. With the request for payment of the 380 Grant hereunder, Developer shall deliver to the City the items set forth in Section 6.1(B)(a)-(f), together with documentation evidencing the actual financing costs incurred by the Developer to construct the Public Improvements for which the Developer is seeking reimbursement from the TIRZ Contribution, and a certification that the

Developer has not sought or received reimbursement from the TIRZ Contribution for such costs pursuant to Section 6.1(B) with respect to the Playing Fields or the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B. The Parties understand and acknowledge that payment of the TIRZ Contribution with respect to the 380 Grant may only occur in the event that all other Project Costs for which the Developer is seeking reimbursement from the TIRZ Contribution have been paid.

D. If the Developer has satisfied all requirements set forth in Section 6.1(B) and (C) to receive payment of the TIRZ Contribution with respect to the Playing Fields, the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B, and the 380 Grant, then upon Completion of Construction of the Public Improvements, Developer may submit a request for payment of the TIRZ Contribution with respect to the Additional Reimbursement Amount. With the request for payment of the Additional Reimbursement Amount hereunder, Developer shall deliver to the City the items set forth in Section 6.1(B)(a)-(f) with respect to the excess Project Costs incurred by the Developer to construct the Public Improvements for which the Developer is seeking reimbursement from the TIRZ Contribution, together with documentation evidencing the actual excess Project Costs incurred by the Developer to construct the Public Improvements for which the Developer is seeking reimbursement from the TIRZ Contribution, and a certification that the Developer has not sought or received reimbursement from the TIRZ Contribution for such excess Project Costs under this Agreement or the PID Agreement or from any funding sources. The Parties understand and acknowledge that payment of the TIRZ Contribution with respect to the Additional Reimbursement Amount may only occur in the event that all other Project Costs for which the Developer is seeking reimbursement or payment from the TIRZ Contribution, including the 380 Grant, have been paid.

6.2 Tax Increment Revenue Bonds.

A. The City reserves the right to issue (or cause to be issued) one or more series of tax increment revenue bonds, which bonds will be secured by a pledge of all or part of the Revenue Fund, the proceeds of which may be used to repay all or part of the Developer Advances; provided that such tax increment revenue bonds shall be subordinate to the Assessments and Administrative Costs.

B. In the event that the City determines to issue tax increment revenue bonds pursuant to the foregoing section, Developer will provide such non-monetary aid and assistance to the City as may be reasonably requested by the City in order to facilitate the issuance of tax increment revenue bonds, such assistance to include providing requested documentation, entering into required agreements and executing certificates or other documentation as may be reasonably required by the City.

6.3 City Reimbursement from TIRZ Contribution.

A. Subject to the Developer's compliance with the conditions to reimbursement set forth in this Section, the City shall begin repaying the Developer Advances, and shall continue such repayment until repaid in full, on the earliest date that funds are available from the Available Tax Increment attributable to the Zone.

B. The City's obligation to pay the TIRZ Contribution is limited to the Available Tax Increment. The rights of Developer in and to the Available Tax Increment granted herein are subject only to (i) the rights of any holders of bonds, notes or other obligations that have been heretofore or are hereafter issued by the City that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City, (ii) the rights of any of the holders of bonds and notes that are hereafter issued or incurred by the City and which are secured by a pledge of the Revenue Fund (including the PID Bonds), and (iii) the Administrative Costs of the City. The Developer Advances constitute a special obligation of the City payable solely from the Available Tax Increment as and to the extent provided in this Agreement. The Developer Advances do not give rise to a charge against the general credit or taxing powers of the City or any other taxing unit and is not payable except as provided in this Agreement. Developer and its successors and assigns shall not have the right to demand payment thereof out of any funds of the City other than the Available Tax Increment.

C. Beginning in the first calendar year following the calendar year in which the Developer Completes Construction of the Public Improvements, the City shall make annual payments to the Developer in the amount equal to the Available Tax Increment to reimburse outstanding Developer Advances on March 1 of each calendar year of the Term, provided that the City shall have no obligation to repay Developer Advances of (i) the Project Costs of the Playing Fields if the Developer does not Complete Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline or (ii) the Project Costs of the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B, if Developer does not Complete Construction of the Fire Station on or before the Fire Station Completion Deadline, (iii) the 380 Grant if the conditions in subsections (i) and (ii) hereof are not met, or (iv) the Additional Reimbursement Amount if the conditions in subsections (i) – (iii) hereof are not met.

D. Upon Completion of Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, delivery of a payment request from Developer in the first year following the year of Completion of Construction of the Playing Fields and the Detention and Road Improvements and the City's confirmation that the payment request meets the requirements of Section 6.1(B), at such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the City, at the Developer's expense, shall hire a certified public accountant to calculate the amount due the Developer from Available Tax Increment for the Project Costs of the Playing Fields and shall prepare and submit a report to the City Representative, certifying (1) the amount due from the Available Tax Increment for the Developer Advances being repaid and (2) that funds are available from Available Tax Increment to make such payment. Upon receipt of such report, the City shall promptly authorize payment to Developer for the Project Costs of the Playing Fields.

E. Upon Completion of Construction of the Fire Station on or before the Fire Station Completion Deadline, delivery of a payment request from Developer in the first year following the year of Completion of Construction of the Fire Station, and the City's confirmation that the payment request meets the requirements of Section 6.1(B), at such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the City, at the Developer's expense, shall hire a certified public accountant to calculate the amount due the Developer from Available Tax Increment for the Project Costs of the portion of the Fire Station that will not be

funded by PID Bonds or Assessments, as set forth on Exhibit B, and shall prepare and submit a report to the City Representative, certifying (1) the amount due from the Available Tax Increment for the Developer Advances being repaid and (2) that funds are available from Available Tax Increment to make such payment. Upon receipt of such report, the City shall promptly authorize payment to Developer for the Project Costs of the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B.

F. Upon (i) Completion of Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, (ii) Completion of Construction of the Fire Station on or before the Fire Station Completion Deadline, and (iii) delivery of a payment request from Developer with respect to the 380 Grant and the City's confirmation that the payment request meets the requirements of Section 6.1(C), at such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the City, at the Developer's expense, shall hire a certified public accountant to calculate the amount due the Developer from Available Tax Increment for payment of the 380 Grant and shall prepare and submit a report to the City Representative, certifying (1) the amount due from the Available Tax Increment for the Developer Advances being repaid, (2) that all amounts due from the Available Tax Increment under Sections 6.3(D)-(E) have been paid, and (3) that funds are available from Available Tax Increment to make such payment. Upon receipt of such report, the City shall promptly authorize payment to Developer of the 380 Grant.

G. Upon (i) Completion of Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, (ii) Completion of Construction of the Fire Station on or before the Fire Station Completion Deadline, (iii) delivery of a payment request from Developer with respect to the 380 Grant and the City's confirmation that the payment request meets the requirements of Section 6.1(C), and (iv) delivery of a payment request from Developer with respect to the Additional Reimbursement Amount and the City's confirmation that the payment request meets the requirements of Section 6.1(D), at such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the City, at the Developer's expense, shall hire a certified public accountant to calculate the amount due the Developer from Available Tax Increment for payment of the Additional Reimbursement Amount and shall prepare and submit a report to the City Representative, certifying (1) the amount due from the Available Tax Increment for the Developer Advances being repaid, (2) that all amounts due from the Available Tax Increment under Sections 6.3(D)-(F) have been paid, and (3) that funds are available from Available Tax Increment to make such payment. Upon receipt of such report, the City shall promptly authorize payment to Developer of the Additional Reimbursement Amount.

6.4 Offsets. Developer agrees that it will seek reimbursement from the City for Project Costs eligible for payment from funding sources other than Available Tax Increment, including but not limited to other funding sources under the PID Agreement, to the maximum extent permitted by Applicable Law and/or by agreement. Project Costs reimbursable to Developer under this Agreement shall be reduced to the extent that such Project Costs are reimbursed to, or are contracted to be reimbursed to, Developer by the City from any funding sources other than Available Tax Increment, including but not limited to other funding sources under the PID Agreement, and the obligations of the City to reimburse Developer under this Agreement will be

decreased by the amount of the City's payments to the Developer from such other funding sources, including but not limited to other funding sources under the PID Agreement.

ARTICLE 7 INSURANCE, INDEMNIFICATION AND RELEASE

7.1 Insurance. With no intent to limit any contractor's liability or obligation for indemnification, Developer shall require that each contractor providing work or service on the Public Improvements provide and maintain certain insurance in full force and effect at all times during the construction of the Public Improvements and shall require that the City and the Zone are named as additional insureds under such contractor's insurance policies.

The insurance, at a minimum, must include the following coverages and limits of liability:

<u>Coverage</u>	<u>Limit of Liability</u>
Worker's Compensation	Statutory for Workers Compensation
Employer's Liability (each accident) (policy limit) (each employee)	Bodily Injury by Disease \$500,000 Bodily Injury by Accident \$100,000 Bodily Injury by Disease \$100,000
Commercial General Liability:	Each Occurrence Limit of \$1,000,000 Personal and Advertising Limit of \$1,000,000 General Aggregate Limit of \$2,000,000 Products - Completed Operations Aggregate Limit of \$2,000,000
Automobile Liability Insurance (for automobiles used by the contractor in the course of its performance under this Agreement including employer's non-owned and hired auto coverage)	\$1,000,000 combined single limit per occurrence
Professional Liability Coverage (for professional service contract only)	\$500,000 per occurrence \$1,000,000 aggregate

If the amount of any contract awarded by Developer to construct Public Improvements shall exceed \$1,000,000, Developer shall contract with the contractor to maintain Commercial General Liability coverage for at least twice the combined minimum limits specified above.

A. Form of Policies. The City may approve the form of the insurance policies, but nothing the City does or fails to do relieves Developer of its obligation to provide the required coverage under this Agreement. The City's actions or inactions do not waive the Zone's or the City's rights under this Agreement.

B. Issuers of Policies. The issuer of each policy shall be a carrier that is licensed and admitted to do business in the State of Texas by the Texas Department of Insurance or a legally established self-insurance pool in the State of Texas and has a Best's rating of at least A and a Best's Financial Size Category of Class VII or better, according to the most current edition Best Key Rating Guide, Property-Casualty United States.

C. Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Professional Liability, must name the City and the Zone (and their respective officers, agents, and employees) as additional insured parties on the original policy and all renewals or replacements.

D. Deductibles. Developer shall be responsible for and bear (or shall contract with each applicable contractor to bear and assume) any claims or losses to the extent of any deductible amounts and waives (and shall contract with each contractor to waive) any claim it may have for the same against the City or the Zone, or their respective officers, agents, or employees.

E. Cancellation. Each policy must state that it may not be canceled, materially modified, or nonrenewed unless the insurance company gives the City thirty (30) days' prior written notice. Developer shall (and shall contract with each contractor to) give written notice to the City within five (5) days of the date on which total claims by any party against such person reduce the aggregate amount of coverage below the amounts required by this Agreement. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular project(s) or location(s) subject to this Agreement.

F. Subrogation. Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the City and the Zone, and their respective officers, agents, or employees.

G. Primary Insurance Endorsement. Each policy, except Workers' Compensation and Professional Liability (if any), must contain an endorsement that the policy is primary to any other insurance available to the additional insured with respect to claims arising under this Agreement.

H. Liability for Premium. Developer shall pay (or shall contract with contractors to pay) all insurance premiums for coverage required by this Section 7.1, and the City and the Zone shall not be obligated to pay any premiums.

I. Subcontractors. Notwithstanding the other provisions of this Section 7.1, the amount of coverage contracted to be provided by subcontractors shall be commensurate with the amount of the subcontract, but in no case less than \$500,000 per occurrence.

J. Proof of Insurance. Promptly after the execution of this Agreement and from time to time during the Term at the request of the City, Developer shall furnish the City with certificates of insurance maintained by Developer in accordance with this Section 7.1, along with an affidavit from Developer confirming that the certificates accurately reflect the insurance coverage maintained. Prior to Commencement of Construction of any Public Improvements hereunder, Developer shall provide (or shall contract with its contractors or subcontractors to provide) copies of the insurance certificates to the City, and within ten (10) days before expiration of coverage, Developer shall deliver (or contract with its contractors or subcontractors to deliver) copies of

renewal policies or certificates of insurance evidencing renewal and payment of premium. Developer shall maintain all current certificates of insurance on file with the City at all times during the Term until the Completion of Construction of all Public Improvements has occurred. If requested in writing by the City, Developer shall furnish the City Representative with certified copies of Developer's actual insurance policies. If Developer does not comply with the requirements of this Section 7.1, the City, at its sole discretion, may (1) suspend performance by the City and the hereunder and begin procedures to terminate this Agreement for default or (2) purchase the required insurance with City or Zone funds and deduct the cost of the premiums from amounts due to Developer under this Agreement. The City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

K. Other Insurance. If requested by the City, Developer shall furnish adequate evidence of social security and unemployment compensation insurance, to the extent applicable to Developer's operations under this Agreement.

7.2 Indemnification and Release.

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE ZONE BOARD AND THE CITY AND THEIR RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES (EACH, AN "INDEMNIFIED PARTY," AND COLLECTIVELY, THE "INDEMNIFIED PARTIES"), HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, FINES, PENALTIES, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM OR VIOLATIONS FOR WHICH RECOVERY OF DAMAGES, FINES, OR PENALTIES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS, THAT MAY ARISE OUT OF OR BE OCCASIONED BY DEVELOPER'S ACT OR OMISSION, INCLUDING BUT NOT LIMITED TO BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT, VIOLATIONS OF LAW, ANY ACT OR OMISSION, INCLUDING BUT NOT LIMITED TO ANY NEGLIGENT, GROSSLY NEGLIGENT, INTENTIONAL, OR STRICTLY LIABLE ACT OR OMISSION OF THE DEVELOPER, ITS OFFICERS, AGENTS, EMPLOYEES, INVITEES, CONTRACTORS OR SUBCONTRACTORS, AND THEIR RESPECTIVE OFFICERS, AGENTS, OR REPRESENTATIVES, OR ANY OTHER PERSONS OR ENTITIES FOR WHICH THE CONTRACTOR IS LEGALLY RESPONSIBLE IN THE PERFORMANCE OF THIS CONTRACT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF AN INDEMNIFIED PARTY. NEITHER THE ZONE BOARD NOR THE CITY WAIVES ANY GOVERNMENTAL IMMUNITY OR OTHER DEFENSES AVAILABLE TO IT UNDER TEXAS OR FEDERAL LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.

DEVELOPER AT ITS OWN EXPENSE IS EXPRESSLY REQUIRED TO DEFEND THE INDEMNIFIED PARTIES AGAINST ALL SUCH CLAIMS. EACH INDEMNIFIED PARTY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, THE INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND THAT INDEMNIFIED PARTY OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY THAT INDEMNIFIED PARTY PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF AN INDEMNIFIED PARTY'S WRITTEN NOTICE THAT THE INDEMNIFIED PARTY IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN THE REQUIRED TIME PERIOD, THE INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF AND DEVELOPER SHALL BE LIABLE FOR ALL COSTS INCURRED BY THE INDEMNIFIED PARTY.

7.3 RELEASE. DEVELOPER SHALL ALSO REQUIRE THAT EACH OF ITS CONTRACTORS INDEMNIFY THE INDEMNIFIED PARTIES FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND

LIABILITIES ARISING OUT OF SUCH CONTRACTOR'S WORK AND ACTIVITY RELATED TO THE PUBLIC IMPROVEMENTS.

7.4 Survival. The provisions of Sections 7.2 and 7.3 shall survive the expiration or termination of the Agreement.

ARTICLE 8 DEFAULT

8.1 Default.

A. Subject to notice and a reasonable opportunity to cure, in the event that Developer fails to (i) Commence Construction of the Playing Fields and the Detention and Road Improvements during the time period set forth in Section 3.4, or (ii) Complete Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, such failure shall be an event of default by Developer and, in addition to any other remedies available to the City or the Zone at law or in equity, the Developer shall release the City from the obligation to repay any Developer Advances with respect to the Project Costs of the Playing Fields.

B. Subject to notice and a reasonable opportunity to cure, in the event that Developer fails to (i) Commence Construction of the Fire Station during the time period set forth in Section 3.4, or (ii) Complete Construction of the Fire Station on or before the Fire Station Completion Deadline, such failure shall be an event of default by Developer and, in addition to any other remedies available to the City or the Zone at law or in equity, the Developer shall release the City from the obligation to repay any Developer Advances with respect to the Project Costs of the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B.

C. In the event Developer completes the Project but does not otherwise perform its obligations hereunder as provided in Article 4 in substantial compliance with this Agreement, or does not perform any of its other obligations hereunder in compliance with this Agreement, in addition to the other rights given to the City and the Zone under this Agreement, and any other remedies available to the City or the Zone at law or in equity, the City and the Zone may enforce specific performance or seek actual damages incurred by the City and the Zone for any such default.

ARTICLE 9 GENERAL

9.1 Inspections, Audits. Developer agrees to keep such operating records relating to the Public Improvements as may be reasonably required by the City, or by Applicable Law. Developer shall allow the City reasonable access to documents and records in Developer's possession, custody or control that the City deems necessary to assist the City in determining Developer's compliance with this Agreement. Prior to the City's acceptance of the Public Improvements (or any component thereof), Developer shall tender such records to the City for retention in accordance with the Texas Local Government Records Act.

9.2 Developer Operations and Employees. All personnel supplied or used by Developer in the performance of this Agreement shall be deemed employees or subcontractors of Developer and

will not be considered employees, agents or subcontractors of the City for any purpose whatsoever. Developer shall be solely responsible for the compensation of all such personnel, for withholding of income, social security and other payroll taxes and for the coverage of all worker's compensation benefits.

9.3 Personal Liability of Public Officials. To the extent permitted by the laws of the State of Texas, no director, officer, employee or agent of the Zone, and no officer, employee or agent of the City, shall be personally responsible for any liability arising under or growing out of the Agreement.

9.4 Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic transmission confirmed by mailing written confirmation at substantially the same time as such electronic transmission, or personally delivered to an officer of the receiving Party at the following addresses:

To the Zone: Reinvestment Zone Number One, City of Friendswood
c/o Director of Community Development
910 S. Friendswood Drive
Friendswood, Texas 77546
Email: citysecretary@friendswood.com

To the City: City Manager, City of Friendswood, Texas
910 S. Friendswood Drive
Friendswood, Texas 77546
Email: fwdcity@friendswood.com

To the Developer: Louis Tannos
Madison Development Corp., LLC
505 S. Friendswood Drive, Suite 119
Friendswood, Texas 77546
Email: ltannos@tannosgroup.com

With a copy to: Ross Martin
Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, Texas 75201
Email: rmartin@winstead.com

Each Party may change its address by written notice in accordance with this Section 9.4. Any communication addressed and mailed in accordance with this Section 9.4 shall be deemed to be given when so mailed, any notice so sent by electronic transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for by, or actually received by, the Zone, the City, or Developer, as the case may be.

9.5 Amendments and Waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the Zone, the City, or Developer. No

course of dealing on the part of any Party, nor any failure or delay of any Party with respect to exercising any right, power or privilege of that Party under this Agreement shall operate as a waiver thereof, except as otherwise provided in this Section 9.5.

9.6 Invalidity. If any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement.

9.7 Successors and Assigns.

A. All covenants and agreements contained by or on behalf of the City and the Zone in this Agreement shall bind their successors and assigns and shall inure its rights and obligations under this Agreement or any interest herein, with the prior written consent of Developer, which consent shall not be unreasonably withheld, conditioned or delayed.

B. The Developer's obligations, requirements or covenants under this Agreement, including construction of the Public Improvements, may be assigned to any Affiliate of the Developer without the prior written consent of, but upon prior written notice to the City. The obligations, requirements or covenants of Developer under this Agreement, including construction of the Public Improvements, shall not be assigned to any non-Affiliate of the Developer without the prior written consent of the City Representative, which consent shall not be unreasonably withheld if the assignee demonstrates the financial ability to perform in the reasonable judgment of the City Representative. Each assignment shall be in writing and executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title or interests being assigned. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment, or from any obligation of the Developer that arose prior to the effective date of the assignment, unless the City approves the release in writing. Provided, further, any such assignee must specifically assume all of the obligations of Developer hereunder. If such assignment of the obligations by Developer hereunder is effective, Developer shall be deemed released from such obligations. If any assignment of the obligations by Developer hereunder is deemed ineffective or invalid, Developer shall remain liable hereunder. Provided, however, that notwithstanding the foregoing, the City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or make any representations with respect thereto. Developer shall maintain written records of all assignments made by Developer to the assignee, including a copy of each executed assignment and the assignee's notice information as required by this Agreement, and, upon written request from the City, any Party or assignee shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer or other conveyance of any interest in this Agreement. For purposes of this Section, "Affiliate" shall have the meaning assigned to such term in Section 2.3(G).

C. Developer may assign its right to receive funds pursuant to this Agreement, including assignment to a lender as collateral for the purpose of financing the Project, without the consent of, but upon prior written notice to the City. Provided, however, that notwithstanding the foregoing, the City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or make any representations with respect thereto.

D. The City shall not be required to acknowledge the receipt of any assignment by the Developer; however, to the extent the City does acknowledge receipt of any assignment pursuant to this Section, such acknowledgment does not evidence the City's agreement, acceptance or acknowledgment of the content of the assignment documents or any rights accruing thereunder; it is solely an acknowledgment of receipt of the notice via mail, express mail or electronic transmission.

E. The City does not and shall not consent to nor participate in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement.

9.8 Exhibits Titles of Articles, Sections and Subsections. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the Parties and shall not be construed to have any effect or meaning as to the agreement between the Parties hereto. Any reference herein to a Section or Subsection shall be considered a reference to such Section or Subsection of this Agreement unless otherwise stated. Any reference to any exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

9.9 Entire Agreement. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

9.10 Term. Subject to earlier termination as provided in Section 3.4 of this Agreement, the term this Agreement (the "Term") shall be in force and effect from the Effective Date until the earlier of (i) the date that the TIRZ Contribution has been paid in full or (ii) December 31, 2053 (the "Outside Contribution Date"); provided, however, the obligation of Developer, or its successors, to maintain the Public Improvements in accordance with Section 4.5 of this Agreement and Section 4.7 of this Agreement shall survive until terminated by the City. If Developer does not Commence Construction of the Public Improvements within six (6) months of the Effective Date, then this Agreement shall terminate, and the City shall have no obligation to pay any portion of the TIRZ Contribution.

9.11 Approval by the Parties. Whenever this Agreement requires or permits approval or consent to be hereafter given by any of the Parties, the Parties agree that such approval or consent shall not be unreasonable withheld or delayed.

9.12 Notice and Cure Period.

(a) No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) calendar days of the receipt of such notice (or thirty (30) calendar days in the case of a monetary default), with completion of performance within ninety (90) calendar days.

(b) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed by Force Majeure,

the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing Force Majeure events shall deliver written notice of the commencement of any such delay resulting from such Force Majeure event and the length of the Force Majeure event is reasonably expected to last not later than fourteen (14) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a Force Majeure event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article. The number of days a Force Majeure event is in effect shall be determined by the City based upon commercially reasonable standards.

9.13 State Law Requirements.

A. Form 1295. The Developer will provide a completed and notarized Form 1295 generated by the Texas Ethics Commission's electronic filing application in accordance with the provisions of Section 2252.908, Texas Government Code, as amended, and the rules promulgated by the Texas Ethics Commission ("Form 1295"), in connection with entry into this Agreement. Upon receipt of the Developer's Form 1295, the City agrees to acknowledge the Developer's Form 1295 through its electronic filing application. The City and the Developer understand and agree that, with the exception of information identifying the Developer and the contract identification number, the City is not responsible for the information contained in the Developer's Form 1295 and the City has not verified such information.

B. Iran, Sudan and Foreign Terrorist Organizations. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,

<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or

<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 9.12(B) shall survive termination of the Agreement until the statute of limitations has run.

C. Anti-Boycott Verification. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, will not boycott Israel during the Term. The foregoing verification is made solely to comply with

Section 2271.002, Texas Government Code. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 9.12(C) shall survive termination of the Agreement until the statute of limitations has run.

D. Petroleum. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the Term. The foregoing verification is made solely to enable the City to comply with such Section. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 9.12(D) shall survive termination of the Agreement until the statute of limitations has run.

E. Firearms. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the Term against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the City to comply with such Section. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association”: (a) means, with respect to the firearm entity or firearm trade association, to: (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (b) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association. As used in the foregoing verification, (a) “firearm entity” means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e.,

weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and (b) “firearm trade association” means a person, corporation, unincorporated association, federation, business league, or business organization that: (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual); (ii) has two or more firearm entities as members; and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 9.12(E) shall survive termination of the Agreement until the statute of limitations has run.

9.14 Governing Law. The Agreement shall be governed by the laws of the State of Texas without regard to any choice of law rules; and venue for any action concerning this Agreement shall be in the State District Court of Harris County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

9.15 No Arbitration. Notwithstanding anything to the contrary contained in this Agreement, the Parties hereby agree that no claim or dispute between the Parties arising out of or relating to this Agreement shall be decided by any arbitration proceeding including, without limitation, any proceeding under the Federal Arbitration Act (9 U.S.C. Sections 1 - 14), or any applicable State arbitration statute, including, but not limited to, the Texas General Arbitration Act, provided that in the event the City or the Zone Board is subjected to an arbitration proceeding notwithstanding this provision, the Developer consents to be joined in the arbitration proceeding if the Developer’s presence is required or requested by the City or the Zone Board for complete relief to be recorded in the arbitration proceeding.

9.16 Additional Actions. The Parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may be necessary or appropriate, from time to time, to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out said terms, provisions and intent.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be duly executed as of the ____ day of _____, 2024.

REINVESTMENT ZONE NUMBER ONE, CITY OF HOUSTON, TEXAS	CITY OF FRIENDSWOOD, TEXAS
By: _____ Mike Foreman Chair of the Board of Directors	By: _____ Morad Kabiri City Manager
ATTEST: By: _____ Name: _____ Title: _____	ATTEST: By: _____ Leticia Brysch City Secretary
	APPROVED AS TO FORM: By: _____ Karen L. Horner City Attorney

**MADISON DEVELOPMENT CORP.,
LLC**, a Texas limited liability company

By: _____

Name: Louis Tannos

Title: Managing Member

EXHIBIT A

Description of the Zone



METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 124.612 acres (5,428,103 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being all of a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. RP-2023-65754; being all of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598262; being out of and a part of a called 28.9270 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598260; being all of a called 1.2603 acre tract of land conveyed to City of Friendswood as described by deed recorded under H.C.C.F. No. 20120071426; being out of and a part of Townes Road (80' right-of-way (R.O.W.)); being out of and a part of Blackhawk Boulevard (100' R.O.W.); being out of and a part of F.M. 528 (120' R.O.W.); being out of and a part of West Bay Area Boulevard (100' R.O.W.); being out of and a part of Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.); said 124.612 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly R.O.W. line of F.M. 528 and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 09°41'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 08°51'00" West, over and across said F.M. 528, a distance of 120.00 feet to the southerly end of a cutback line at the northwest corner of the intersection of said F.M. 528 and Townes Road;

THENCE, North 36°33'39" East, along said cutback line, a distance of 21.34 feet to the northerly end of said cutback line at the curved westerly R.O.W. line of said Townes Road;

150 W. Shadowbend Avenue, Suite #304 | Friendswood, TX 77546
phone 281.648.3131 | fax 281.648.3737 | e-mail christian@boundaryone.com
T.B.P.L.S. Firm No. 10084800



METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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THENCE, Northerly, an arc distance of 120.00 feet along said westerly R.O.W. line and a curve to the left, having a radius of 543.00 feet, a central angle of $12^{\circ}39'44''$, and a chord which bears North $15^{\circ}12'40''$ West, 119.76 feet to an angle point;

THENCE, North $68^{\circ}27'28''$ East, over and across said Townes Road, a distance of 80.00 feet to the curved easterly R.O.W. line of Townes Road;

THENCE, Southerly, an arc distance of 138.66 feet along said easterly R.O.W. line and a curve to the right, having a radius of 623.00 feet, a central angle of $12^{\circ}45'09''$, and a chord which bears South $15^{\circ}09'57''$ East, 138.38 feet to the northerly end of a cutback line at the northeast corner of the intersection of said F.M. 528 and Townes Road;

THENCE, South $53^{\circ}47'23''$ East, along said cutback line, a distance of 20.00 feet to the southerly end of said cutback line at the northerly R.O.W. line of said F.M. 528;

THENCE, South $08^{\circ}51'00''$ East, over and across said F.M. 528, a distance of 120.00 feet to the southerly R.O.W. line of F.M. 528;

THENCE, North $81^{\circ}12'37''$ East, along said southerly R.O.W. line, a distance of 1,131.34 feet to an angle point;

THENCE, North $08^{\circ}47'23''$ West, over and across said F.M. 528, a distance of 120.00 feet to the southerly end of a cutback line at the northwest corner of the intersection of said F.M. 528 and Blackhawk Boulevard;

THENCE, North $36^{\circ}12'37''$ East, along said cutback line, a distance of 20.00 feet to the northerly end of said cutback line at the westerly R.O.W. line of said Blackhawk Boulevard;

THENCE, North $08^{\circ}47'23''$ West, along said westerly R.O.W. line, a distance of 180.00 feet to an angle point;

THENCE, North $81^{\circ}12'37''$ East, over and across said Blackhawk Boulevard, a distance of 100.00 feet to the easterly R.O.W. line of Blackhawk Boulevard;

THENCE, South $08^{\circ}47'23''$ East, along said easterly R.O.W. line, a distance of 180.00 feet to the northerly end of a cutback line at the northeast corner of the intersection of said F.M. 528 and Blackhawk Boulevard;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,320,448 SQ. FT.)
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THENCE, South 53°47'23" East, along said cutback line, a distance of 20.00 feet to the southerly end of said cutback line at the northerly R.O.W. line of said F.M. 528;

THENCE, South 08°47'23" East, over and across said F.M. 528, a distance of 120.00 feet to the southerly R.O.W. line of F.M. 528;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, a distance of 403.47 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of said 28.9270 acre tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and along the common line of said 28.9270 acre tract and said 106.472 acre tract, a distance of 1,109.36 feet to an angle point;

THENCE, North 81°12'37" East, over and across said 28.9270 acre tract, a distance of 917.54 feet to an angle point;

THENCE, North 00°56'05" West, continuing over and across said 28.9270 acre tract, a distance of 18.06 feet to an angle point;

THENCE, North 08°47'24" West, continuing over and across said 28.9270 acre tract, a distance of 156.86 feet to an angle point;

THENCE, North 68°47'23" West, continuing over and across said 28.9270 acre tract, a distance of 30.04 feet to an angle point;

THENCE, North 46°12'37" East, continuing over and across said 28.9270 acre tract, a distance of 105.00 feet to the westerly R.O.W. line of said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682;

THENCE, South 08°47'24" East, along said westerly R.O.W. line, a distance of 236.23 feet to an angle point;

THENCE, South 00°56'05" East, continuing along said westerly R.O.W. line, a distance of 116.17 feet to an angle point;

THENCE, South 14°46'31" West, continuing along said westerly R.O.W. line, at 85.85 feet passing the easterly common corner of said 28.9270 acre tract and said 10.0000 acre tract, continuing in all for a total distance of 116.17 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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THENCE, South 30°29'10" West, continuing along said westerly R.O.W. line, a distance of 116.17 feet to an angle point;

THENCE, South 38°20'29" West, continuing along said northwesterly R.O.W. line, a distance of 568.63 feet to an angle point;

THENCE, South 58°42'02" East, over and across said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), a distance of 190.71 feet to the most northerly corner of the aforesaid 1.2603 acre tract;

THENCE, South 58°44'41" East, along a northeasterly line of said 1.2603 acre tract, a distance of 308.78 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking an angle point;

THENCE, South 70°03'17" East, along a northeasterly line of said 1.2603 acre tract, a distance of 101.98 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking an angle point;

THENCE, South 58°44'41" East, along a northeasterly line of said 1.2603 acre tract, a distance of 200.02 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found on the northwesterly R.O.W. line of said West Bay Area Boulevard (100 feet wide) and marking an angle point;

THENCE, North 22°12'52" East, along said northwesterly R.O.W. line, a distance of 30.00 feet to an angle point;

THENCE, South 67°47'08" East, over and across said West Bay Area Boulevard, a distance of 100.00 feet to the southeasterly R.O.W. line of West Bay Area Boulevard;

THENCE, South 22°12'52" West, along said southeasterly R.O.W. line, a distance of 375.00 feet to an angle point;

THENCE, North 67°47'08" West, over and across said West Bay Area Boulevard, a distance of 100.00 feet to the northwesterly R.O.W. line of West Bay Area Boulevard;

THENCE, North 22°12'52" East, along said northwesterly R.O.W. line, a distance of 243.74 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking the most southerly corner of said 1.2603 acre tract and for the most easterly corner of Lots 10 and 11, Block 1, AUTUMN CREEK SECTION NINE, a subdivision plat of record at Film Code No. 497014, H.C.M.R.;

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THENCE, North 58°44'41" West, departing said northwesterly R.O.W. line and along the common line of said 1.2603 acre tract and Lots 9 and 10, Block 1, AUTUMN CREEK SECTION NINE, a distance of 634.66 feet to a 3/4-inch iron rod found marking the most westerly corner of said 1.2603 acre tract;

THENCE, North 58°42'02" West, over and across said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), a distance of 190.70 feet to the southeast line of the aforesaid 10.0000 acre tract;

THENCE, South 38°20'29" West, along said southeast line and northwesterly R.O.W. line of said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), at 502.52 feet passing a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.000 acre tract and said 106.472 acre tract, continuing in all for a total distance of 1,380.50 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLS, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

- North 21°17'29" West, a distance of 80.86 feet to an angle point;
- North 04°22'12" West, a distance of 216.80 feet to an angle point;
- North 32°41'57" West, a distance of 184.39 feet to an angle point;
- North 51°06'03" West, a distance of 159.93 feet to an angle point;
- North 74°03'08" West, a distance of 164.71 feet to an angle point;
- South 48°02'49" West, a distance of 44.69 feet to an angle point;
- North 73°53'13" West, a distance of 47.50 feet to an angle point;
- South 49°24'27" West, a distance of 89.87 feet to an angle point;
- North 75°14'40" West, a distance of 40.66 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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South 43°53'50" West, a distance of 146.10 feet to an angle point;
South 25°05'22" West, a distance of 134.50 feet to an angle point;
South 83°33'17" West, a distance of 49.30 feet to an angle point;
South 21°22'27" West, a distance of 73.69 feet to an angle point;
North 77°09'16" West, a distance of 62.96 feet to an angle point;
South 59°48'42" West, a distance of 48.72 feet to an angle point;
North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;

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North 27°29'30" East, a distance of 63.48 feet to an angle point;

North 19°02'35" East, a distance of 103.93 feet to an angle point;

North 14°38'12" East, a distance of 53.72 feet to an angle point;

North 13°22'21" West, a distance of 9.00 feet to an angle point;

North 15°04'35" East, a distance of 70.83 feet to an angle point;

North 31°32'46" West, a distance of 52.49 feet to an angle point;

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

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124.612 ACRES (5,428,103 SQ. FT.)
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THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 124.612 acres (5,428,103 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
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November 2, 2023



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EXHIBIT B

Project Costs

City Center Non-PID Projects

Item	Cost
Fire Station ¹	\$7,267,480
Playing Fields ²	\$99,000
380 Grant	\$1,250,000
Total	\$8,616,480

In addition to the foregoing, the Developer may be eligible to receive the Additional Reimbursement Amount, in an amount not to exceed the amount of Available Tax Increment, if any, remaining in the Revenue Fund, after (i) all Project Costs of the City Center Non-PID Projects and (ii) the 380 Grant have been repaid in full from the TIRZ Contribution, for any excess Project Costs that have not been and will not be paid for or reimbursed from another funding source, either pursuant to the PID Agreement or otherwise, if the Developer satisfies the terms and conditions required to receive such Additional Reimbursement Amount, subject to the TIRZ Cap.

¹ The total estimated cost of the Fire Station is \$8,300,000. Partial funding of the Fire Station in the amount of \$1,032,270 will be provided through the PID.

² The scope of work for the Playing Fields shall consist of the filling in and grading of an existing detention site for use as playing fields on certain real property owned by the ISD, which shall include hydromulching the site and installing thereon an irrigation system connected to the ISD's existing water system.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 04/26/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider an ordinance approving the Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number One, City of Friendswood.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This ordinance approves the Project Plan and Reinvestment Zone Financing Plan (collectively the "Plan") for Reinvestment Zone Number One, City of Friendswood (the "Zone"). This Plan was approved by the Zone's Board of Directors on November 4, 2024, and submitted to the City Council for approval. The Plan includes, but is not limited to, the following:

1. the estimated non-project costs;
2. the categories and locations of public improvements;
3. the estimated project and administrative costs together with the estimated timeline in which such costs will be incurred;
4. a feasibility study;
5. estimated bonded indebtedness;
6. the appraised value within the Zone, including the tax increment base and the estimated capture of appraised value;
7. the method of financing, including TIRZ fund contributions; and
8. the duration and termination of the Zone.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

The Board of Directors of Reinvestment Zone Number One, City of Friendswood, recommends approval.

ATTACHMENTS

1. Ordinance - Approving TIRZ No. 1 Project Plan & Reinvestment Zone Financing Plan
2. Exhibit A - TIRZ No. 1 Project Plan & Reinvestment Zone Financing Plan

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, APPROVING THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER ONE, CITY OF FRIENDSWOOD; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council (the "City Council") of the City of Friendswood, Texas (the "City") designated Reinvestment Zone Number One, City of Friendswood (the "Zone"), by Ordinance No. 2023-31, passed, approved and adopted by the City Council on December 4, 2023, pursuant to Chapter 311 of the Texas Tax Code, as amended (the "Act"); and

WHEREAS, on November 4, 2024, the Board of Directors of the Zone (the "Zone Board") adopted the Project Plan and Reinvestment Zone Financing Plan for the Zone (collectively the "Plan") and submitted it to the City Council for approval; and

WHEREAS, the Plan establishes an economic development program for the Zone for the public purposes of developing and diversifying the economy of the Zone, eliminating unemployment and underemployment in the Zone, and developing or expanding transportation, business, and commercial activity in the Zone pursuant to Section 311.010(h) of the Act; and

WHEREAS, before the Zone Board may implement the Plan, the City Council must approve the Plan, which, in part, relates to the development or improvement of streets, including the extension of Blackhawk Boulevard within the boundaries of the Zone; and

WHEREAS, the City Council has reviewed the Plan and desires to confirm the designation of the Zone and approve the Plan, and the establishment of an economic development program for the Zone therein, in order to facilitate development or redevelopment in the Zone by financing the costs of public works, public improvements, programs, and other projects benefiting the Zone, plus other costs incidental to those expenditures, all of which costs are authorized by the Act; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. The recitations, facts, and findings contained in the recitals to this ordinance are hereby found and declared to be true and correct and are incorporated and adopted as part of this ordinance for all purposes. The definitions of terms contained in the recitals to this ordinance are hereby incorporated and made part of this ordinance.

Section 2. The Plan attached hereto as Exhibit "A" is hereby found to be economically feasible and is approved. The appropriate officials of the City are authorized to take all steps reasonably necessary to implement the Plan.

Section 3. This ordinance shall take effect immediately upon its adoption and publication in accordance with and as provided by law.

INTRODUCED, READ AND PASSED on first and final reading by the affirmative vote of the City Council of the City of Friendswood on this the 4th day of November, 2024.

MIKE FOREMAN, Mayor

ATTEST:

LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney



REINVESTMENT ZONE NUMBER ONE,
CITY OF FRIENDSWOOD
PROJECT PLAN AND REINVESTMENT ZONE FINANCING
PLAN
NOVEMBER 4, 2024

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SECTION 1: DEFINITIONS

Capitalized terms used in this Final Plan shall have the meanings given to them in **Section I** below unless otherwise defined in this Final Plan or unless the context in which a term is used clearly requires a different meaning.

“Act” means Chapter 311, Texas Tax Code, Tax Increment Financing Act, as amended.

“Administrative Costs” means the actual, direct costs paid or incurred by or on behalf of the City to administer the Zone, including planning, engineering, legal services, organizational costs, publicizing costs, or implementations costs paid by or on behalf of the City that are directly related to the creation and administration of the Zone.

“Appraisal District” means the Harris Central Appraisal District.

“Assessment” means an assessment levied as further defined and described in the City Center PID Service and Assessment Plan.

“Board” means the Board of Directors of the Zone.

“Captured Appraised Value” means the new taxable value generated in addition to the Tax Increment Base on a parcel-by-parcel basis for each year during the term of the Zone, as calculated and confirmed annually by the Appraisal District.

“City” means the City of Friendswood, Texas.

“City Center Non-PID Projects” means those certain improvements, or the allocable share of costs of such improvements, that are classified as ineligible for funding by PID Bonds or Assessments.

“City Center PID” means the City Center Public Improvement District, which includes certain of the Property within its boundaries, created by Resolution No. 2021-01 of the City passed on January 8, 2024.

“City Center PID Projects” means those certain improvements as are further defined and described in the City Center PID Service and Assessment Plan.

“City Center PID Service and Assessment Plan” means that certain City Center Public Improvement District Service and Assessment Plan, to be adopted by the City November 4, 2024, and amended from time to time.

“City Council” means the governing body of the City.

“City Tax Increment” means seventy percent (70%) of the City’s ad valorem real property taxes collected and received by the City on the Captured Appraised Value in the Zone, and deposited into the TIRZ Fund.

“Designation Ordinance” means Ordinance No. 2023-31 adopted by the City Council on December 4, 2023.

“Developer” means Madison Development Corporation, LLC and its successors or assigns.

“Feasibility Study” means the economic feasibility study as evaluated over the term of the Zone and focused only on direct financial benefits, as shown on **Exhibit E**.

“Final Plan” means this Project Plan and Reinvestment Zone Financing Plan for the Zone.

“Non-Project Costs” means those certain costs that will be spent to develop in the Zone, but will not be financed by the Zone, and will be financed by private funds, as described in **Section 6**, and shown on **Exhibit B**.

“PID Bonds” means any bonds issued by the City in one or more series as will be further defined and described in the City Center PID Service and Assessment Plan.

“Project Costs” means the total costs for projects in the Zone, including the actual costs of the financing for the Public Improvements and the Administrative Costs.

“Project Plan” means the project plan for the development or redevelopment of a reinvestment zone approved under the Act, including all amendments of the plan approved as provided by the Act.

“Property” means the 124.612 acres of land within the boundaries of the Zone, as depicted on **Exhibit A** and described on **Exhibit F**.

“Public Improvements” means the proposed public improvements to be financed by the Zone, which includes the City Center PID Projects and the City Center Non-PID Projects, which together include streets, detention, water, sanitary sewer, sanitary lift station, clearing and grubbing, earthwork, paving and grading, a fire station, playing fields for the School, landscaping, trails and other public amenities, and parks, as depicted on **Exhibit H**, and detailed on **Exhibit C**.

“School” means the School District’s Brookside Intermediate School.

“School District” means the Clear Creek Independent School District.

“Tax Increment Base” means total appraised value of taxable real property in the Zone at the time of designation of the Zone, as calculated and certified by the Appraisal District.

“TIRZ Credit” means that TIRZ Maximum Annual Credit Amount designated towards the principal and interest portion of the Annual Installment for the Assessed Property, as is further defined and described in the City Center PID Service and Assessment Plan. For purposes of this definition, the terms “TIRZ Maximum Annual Credit Amount,” “Annual Installment” and “Assessed Property” have the meanings assigned to such terms in the City Center PID Service and Assessment Plan.

“TIRZ Fund” means the tax increment fund created and established by the City for the Zone and segregated from all other funds of the City.

“Zone” means Reinvestment Zone Number One, City of Friendswood, as depicted on **Exhibit A**, and described on **Exhibit F**.

SECTION 2: INTRODUCTION

2.1 Authority and Purpose

The Zone was designated by the City Council on December 4, 2023, pursuant to the Designation Ordinance, in an area within the corporate limits of the City covering 124.612 contiguous acres.

The purpose of the Zone is to facilitate residential and commercial development or redevelopment by financing the design and construction of public works, public improvements, programs, and other projects benefiting the Zone, plus other costs incidental to those expenditures, all of which costs are authorized by the Act.

2.2 Zone

The Property within the Zone is located within Sarah McKissick League, Abstract Number 549, Friendswood, Harris County, Texas, near FM 528 and Clear Creek. The Property within the Zone is predominantly open, and undeveloped, and because of the following factors, the sound growth of the City is substantially impaired or arrested: (i) the lack of public infrastructure, including but not limited to insufficient mobility infrastructure and the absence of adequate water and sanitary sewer utilities; and (ii) the barriers to development presented by the floodplain limitations along Clear Creek, which render more than half of the acreage within the Zone as undevelopable without significant mitigation activities.

Various residential housing developers and other companies have studied the Property within the Zone for possible residential, retail and/or commercial development several times over the past two decades, including but not limited to, Lovett Commercial, LLC; GWR Webster, LLC, Beazer Homes USA, Inc., The NRP Group, LLC, Integris Projects, LLC, Eclipse Development Group, and Wells Fargo & Company. None of these developers or companies has pursued development of the area within the Zone due to factors including the lack of public infrastructure and the challenges to development posed by the floodplain limitations along Clear Creek. Due to the relatively limited size, location, and physical characteristics of the Property within the Zone, including the lack of public infrastructure, including but not limited to insufficient mobility infrastructure and the absence of adequate water and sanitary sewer utilities, and the barriers to development presented by the floodplain limitations along Clear Creek, which render more than half of the acreage within the Zone as undevelopable without significant mitigation activities, and due to the substantial cost to construct the necessary public infrastructure, development of the Property within the Zone will not occur solely through private investment in the foreseeable future. Because of the aforementioned characteristics, economic incentives are necessary to attract development for the purpose of providing long-term economic benefits, including, but not limited to, an increased real property tax base for all taxing units in the Zone.

2.3 Goals

Goal 1: Infrastructure Improvements

The construction of public infrastructure within the Zone is required to create an environment that will stimulate private investment in retail, residential, office and commercial developments. If the Public Improvements are financed as contemplated by this Final Plan, the Property can be developed to take full advantage of the opportunity to bring to the City a quality development that offers a corresponding increase in the tax base and creates economic opportunity.

Goal 2: Economic Development

In addition to direct investment in capital improvements to public infrastructure or investment in public infrastructure to stimulate private investment, the Board hereby establishes and provides for the administration of an economic development program to incentivize private enterprise in the Zone and serve as a catalyst for other business developments pursuant to Section 311.010(h) of the Act and Chapter 380 of the Texas Local Government Code. The Zone's economic development program may include making grants and loans from the TIRZ Fund in an aggregate amount not to exceed the amount of City Tax Increment paid into the TIRZ Fund for activities that benefit the Zone and stimulate business and commercial activity in the Zone and may also be paired with other financing mechanisms as approved by the City Council.

SECTION 3: DESCRIPTION AND MAPS

3.1 Existing and Proposed Uses of Land (Section 311.011(b)(1) of the Act)

The Property within the Zone is currently zoned Planned Unit Development and Single Family Residential with a Specific Use Permit, as depicted on **Exhibit G**, and is intended to be developed with commercial and residential uses. The Property is undeveloped, and there is limited public infrastructure to support development, including, but not limited to, insufficient mobility infrastructure and the absence of adequate water and sanitary sewer utilities. Development requires extensive public infrastructure that: (1) the City cannot provide, and (2) will not be provided solely through private investment in the foreseeable future.

The proposed uses of the Property include retail, mixed-use commercial, multi-family, office/medical and hotel, as shown on **Exhibit G**.

SECTION 4: PROPOSED CHANGES TO ORDINANCES, PLANS, CODES, RULES, AND REGULATIONS

4.1 Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances (Section 311.011(b)(2) of the Act)

The Property within the Zone is wholly located in the corporate limits of the City and shall be subject to the City's zoning regulations. The Property is currently zoned as Planned Unit Development and Single Family Residential with a Specific Use Permit as depicted on **Exhibit G**. The City has jurisdiction over the subdivision and platting of the Property and the design, construction, installation, and inspection of water, sewer, drainage, roadway, and other public infrastructure. No proposed changes to zoning ordinances, comprehensive plan, building codes, subdivision rules, or other municipal ordinances are planned.

SECTION 5: RELOCATION OF DISPLACED PERSONS

5.1 Method of Relocating Persons to be Displaced, if any, as a Result of Implementing the Project Plan (Section 311.011(b)(4) of the Act)

No person shall be displaced due to the implementation of the Final Plan.

SECTION 6: ESTIMATED NON-PROJECT COSTS

6.1 Estimated Non-Project Costs (Section 311.011(b)(3) of the Act)

Non-Project Costs are costs that will be incurred or expended by third parties for development of projects that benefit the Zone but will not be financed by the Zone. Non-Project Costs will be derived from other funding sources, including private funds. The list of Non-Project Costs, the total costs of which is estimated to be approximately \$729,225,099, is shown on **Exhibit B**.

SECTION 7: PROPOSED PUBLIC IMPROVEMENTS

7.1 Proposed Kind, Number and Location of all Proposed Public Works or Public Improvements to be Financed by the Zone (Section 311.011(c)(2) of the Act)

The Public Improvements include streets, detention, water, sanitary sewer, sanitary lift station, clearing and grubbing, earthwork, paving and grading, a fire station, playing fields for the School, landscaping, trails and other public amenities, and parks. All Public Improvements shall be designed and constructed in accordance with all applicable City standards and subject to inspection, approval and acceptance by the City.

The number and locations of the proposed Public Improvements are depicted on **Exhibit H**.

SECTION 8: ESTIMATED PROJECT COSTS

8.1 Estimated Project Costs (Section 311.011(c)(1) of the Act)

The estimated Project Costs for the Zone are detailed on **Exhibit C** and include the Administrative Costs, the City Center PID Projects, and the City Center Non-PID Projects. The dollar amounts set forth in **Exhibit C** are approximate and may be amended from time to time by the Board with the approval of the City Council consistent with state law. The total Project Costs are estimated to be \$90,504,201.

8.2 Administrative Costs

The Administrative Costs are estimated to be \$2,321,808. The Administrative Costs shall be paid each year from the TIRZ Fund before any other Project Costs are paid. The estimated Administrative Costs are the costs over the life of the TIRZ and can only be paid if there are available funds.

8.3 City Center PID Projects

The City Center PID Projects are those projects anticipated to be funded through a combination of the City Center PID and the Zone. The estimated costs are \$79,565,913.

8.4 City Center Non-PID Projects

The City Center Non-PID Projects are those projects not anticipated to be funded through the City Center PID. The estimated costs are \$8,616,480.

8.5 Estimated Time When Related Costs or Monetary Obligations Incurred (Section 311.011(c)(5) of the Act)

The Administrative Costs will be incurred annually throughout the duration of the Zone. It is estimated that the other Project Costs set forth in **Exhibit C** will be incurred between 2024 and 2032, as shown on **Exhibit D**.

SECTION 9: ECONOMIC FEASIBILITY

9.1 Economic Feasibility (Section 311.011(c)(3) of the Act)

The Feasibility Study for the Zone was prepared in 2024, by P3Works, LLC with data provided by the Developer, the City and School District and is attached as **Exhibit E**. The Feasibility Study focuses on only direct financial benefits (i.e. ad valorem tax revenues generated from the development within the Zone). Based on the Feasibility Study, during the term of the Zone, new development, which would not occur solely through private investment in the reasonably foreseeable future, will generate approximately \$132,546,407 in total new real property tax revenue for the City over the remaining term of the Zone.

Approximately \$92,782,485 in City Tax Increment will be deposited into the TIRZ Fund to pay for Project Costs over the remaining term of the Zone. The cumulative City Tax Increment set forth in the Feasibility Study, set forth in **Exhibit E** exceeds the estimated Project Costs and will be generated in amounts sufficient to fund the Project Costs as and when such Project Costs are incurred during the term of the Zone. The remainder of the new real property tax revenue generated within the Zone and retained by the City is estimated at \$39,763,922. Based on the foregoing, the economic feasibility of the Zone has been demonstrated.

The Board and the City Council find and determine that the Final Plan is economically feasible.

SECTION 10: ESTIMATED BONDED INDEBTEDNESS

10.1 Estimated Amount of Bonded Indebtedness (Section 311.011(c)(4) of the Act)

Issuance of notes and bonds by or on behalf of the Zone may occur as tax increment revenues allow. The value and timing of the issuance of notes or bonds will correlate to debt capacity as derived from the revenue schedule set forth in **Exhibit E**, as well as actual market conditions for the issue and sale of such notes and bonds.

SECTION 11: APPRAISED VALUE

11.1 Current Total Appraised Value of Taxable Real Property (Section 311.011(c)(7) of the Act)

The Tax Increment Base is estimated to be \$1,780,871 and shall be confirmed by the Appraisal District. Each year, the Appraisal District shall confirm the Captured Appraised Value of the Zone.

11.2 Estimated Captured Appraised Value During Each Year of Existence (Section 311.011(c)(8) of the Act)

The estimated Captured Appraised Value for the duration of the Zone is set forth in **Exhibit E**. It is estimated that upon expiration of the term of the Zone, the total Captured Appraised Value of taxable real property in the Zone will be approximately \$1,169,273,939 as shown on **Exhibit E**. The actual Captured Appraised Value, as certified by the Appraisal District each year, will be used to calculate annual payment by the City into the TIRZ Fund pursuant to this Project Plan. It is anticipated that this Project Plan shall be amended in the future to reflect additional development within the Zone, which would increase the estimated total Captured Appraised Value.

SECTION 12: METHOD OF FINANCING

12.1 Methods and Sources of Financing Project Costs and Percentage of Increment from taxing Units Anticipated to Contribute Tax Increment to the Zone (Section 311.011(c)(6) of the Act)

Tax increment will consist of contributions from the City. The City will deposit into the TIRZ Fund each year the City Tax Increment, which is seventy percent (70%) of the City's ad valorem real property taxes collected and received by the City on the Captured Appraised Value in the Zone. For example, in tax year 2024, the City's ad valorem tax rate is \$0.514172 per \$100 of taxable value, so the City would contribute \$0.3599204 per \$100 of the Captured Appraised Value in the Zone levied and collected to the TIRZ Fund.

The City Tax Increment deposited into the TIRZ Fund shall be prioritized and allocated on a parcel by parcel basis as follows:

1. For Administrative Costs; then
2. For the payment of Project Costs through an annual reduction of a portion of the principal and interest of the Annual Installment for the Assessed Property (as each term is defined in the City Center PID Service and Assessment Plan), as further described in the City Center PID Service and Assessment Plan, on a parcel by parcel

basis, in an amount not to exceed the TIRZ Credit (as further described in the City Center PID Service and Assessment Plan); then

3. To the extent there are TIRZ Fund revenues remaining after such TIRZ Credit, any excess TIRZ Fund revenue may be utilized in any other manner as authorized by the City Council and allowed pursuant to the Act.

All payments of Project Costs shall be made solely from the TIRZ Fund and from no other funds of the City, unless otherwise approved by the City Council.

SECTION 13: DURATION OF THE ZONE, TERMINATION

13.1 Zone Duration (Section 311.011(c)(9) of the Act)

The Zone was designated by the City on December 4, 2023, and will terminate on December 31, 2053, with the last payment being due by January 31, 2054, unless otherwise terminated in accordance with the Designation Ordinance. If upon expiration of the stated term of the Zone, the obligations of the Zone have not been fully funded by the TIRZ Fund, the City shall have no obligation to pay the shortfall and the term shall not be extended. Nothing in this Section is intended to prevent the City from extending the term of the Zone in accordance with the Act upon approval of the City Council.

LIST OF EXHIBITS

Unless otherwise stated, all references to "Exhibits" contained in this Final Plan shall mean and refer to the following exhibits, all of which are attached to and made a part of this Final Plan for all purposes.

Exhibit A	Map of the Zone
Exhibit B	Non-Project Costs
Exhibit C	Project Costs
Exhibit D	Estimated Timeline of Incurred Costs
Exhibit E	Feasibility Study
Exhibit F	Legal Description of the Zone
Exhibit G	Existing and Proposed Uses of the Property
Exhibit H	Map of the Public Improvements

EXHIBIT A – MAP OF THE ZONE

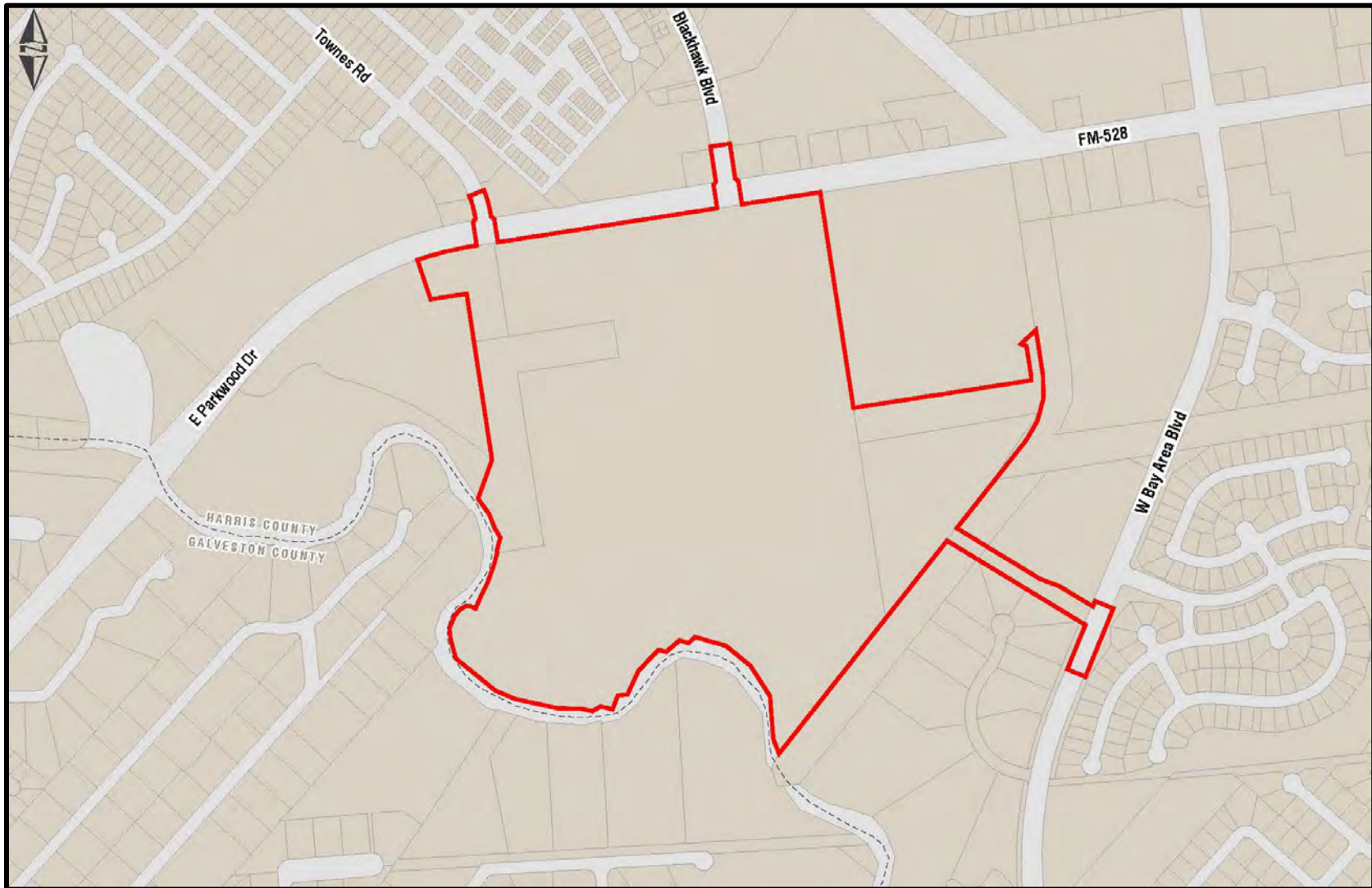


EXHIBIT B – NON-PROJECT COSTS

Lot Type	Sq. Ft.	Lot Value ^[a]		Buildout Value ^[a]		
		Per Unit	Total	Per Unit	Total	
Lot Type 1	76,408	\$ 89	\$ 6,830,000	\$ 581	\$ 44,414,000	\$ 37,584,000
Lot Type 2	268,800	\$ 33	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 120,275,714
Lot Type 3	115	\$ 18,174	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 22,910,000
Lot Type 4	194,050	\$ 21	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 74,475,385
Lot Type 5	750,000	\$ 21	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 473,980,000
Total						\$ 729,225,099

Footnotes:

[a] Values for Lot Type 1 are based on the Appraisal dated July 24, 2024 and Lot Types 2, 3, 4, and 5 are based on the Developer's model dated September 19, 2024.

EXHIBIT C – PROJECT COSTS

Reinvestment Zone Number One, City of Friendswood, Texas		
Project Costs		
Item	Cost	
City Center PID Projects ^[a]		
FM 528 Traffic Improvements	\$	1,200,000
Blackhawk Boulevard Improvements	\$	3,944,453
Townes Road Improvements	\$	595,977
Madison Avenue Improvements	\$	311,813
Larrabee Way Improvements	\$	817,556
Bennett Blvd. Improvements	\$	804,530
Earthwork, Paving, and Grading ^[c]	\$	1,830,270
Clearing, Grubbing, and Demolition ^[c]	\$	873,609
Detention Pond 1 ^[c]	\$	13,983,801
Detention Pond 2	\$	2,018,477
Water	\$	1,007,036
Wastewater	\$	862,879
Sanitary Lift Station	\$	1,330,700
Storm Water and Drainage	\$	5,323,362
Landscaping, Parks and Amenities	\$	5,597,472
Fire Station ^[b]	\$	1,032,520
Contingency	\$	5,836,952
Soft Costs ^[c]	\$	3,064,858
Interest & Financing Costs	\$	29,129,648
Subtotal	\$	79,565,913
City Center Non-PID Projects		
Fire Station ^[b]	\$	7,267,480
Playing Fields	\$	99,000
380 Grant	\$	1,250,000
Subtotal	\$	8,616,480
Public Improvements Subtotal	\$	88,182,393
Administrative Costs	\$	2,321,808
Total Project Costs	\$	90,504,201
Footnotes:		
[a] As identified in the City Center Public Improvement District Service and Assessment Plan, which is based on Engineer's Opinion of Probable Cost prepared by Ward, Getz and Associates, PLLC on September 24, 2024.		
[b] Partial funding is provided by the City Center PID.		
[c] Net of Other City Funding Sources.		

EXHIBIT D – ESTIMATED TIMELINE OF INCURRED COSTS

Reinvestment Zone Number One, City of Friendswood, Texas Timeline to Incur Project Costs

Zone Year	Calendar Year	Total Project Costs ^{[a],[b],[c]}	
		Annual	Cumulative
Base	2024		0
1	2025	\$ 69,988,052	69,988,052
2	2026	\$ 7,648,802	77,636,855
3	2027	\$ 3,278,058	80,914,913
4	2028	\$ -	80,914,913
5	2029	\$ 2,180,244	83,095,157
6	2030	\$ 2,180,244	85,275,401
7	2031	\$ 2,180,244	87,455,645
8	2032	\$ 726,748	88,182,393
Total		\$ 88,182,393	

Footnotes:

[a] Estimate provided for illustrative purposes only.

[b] Does not illustrate Administrative Costs, which shall be incurred annually for the duration of the Zone.

[c] The cost for Playing Fields are projected to be incurred in 2025; \$1,032,520 for the Fire Station will be incurred in 2027; 30% of Fire Station costs to be incurred in 2029, 2030, and 2031; 10% of remaining Fire Station costs to be incurred in 2032.

EXHIBIT E – FEASIBILITY STUDY

As set forth in the revenue schedule below, during the term of the Zone, City Tax Increment will be generated in amounts sufficient to fund the Project Costs set forth in **Exhibit C** as and when such Project Costs are incurred.

Reinvestment Zone Number One, City of Friendswood, Texas Feasibility Study										
Zone Year	Tax Year	Growth/ Year ^[a]	Added Development Value ^[b]	New Taxable Value	Incremental Value	TIRZ Fund Contribution			City Retained New Revenue	
						%	Annual	Cumulative	Annual	Cumulative
Base	2024			\$ 1,780,871						
1	2025	2.0%	\$ -	\$ 1,816,488	\$ 35,617	70%	\$ -	\$ -	\$ -	\$ -
2	2026	2.0%	\$ -	\$ 1,852,818	\$ 71,947	70%	\$ 128	\$ 128	\$ 55	\$ 55
3	2027	2.0%	\$ 667,412,392	\$ 669,302,266	\$ 667,521,395	70%	\$ 259	\$ 387	\$ 111	\$ 166
4	2028	2.0%	\$ 104,199,530	\$ 786,887,841	\$ 785,106,970	70%	\$ 2,402,546	\$ 2,402,933	\$ 1,029,662	\$ 1,029,828
5	2029	2.0%	\$ -	\$ 802,625,598	\$ 800,844,727	70%	\$ 2,825,760	\$ 5,228,693	\$ 1,211,040	\$ 2,240,868
6	2030	2.0%	\$ -	\$ 818,678,110	\$ 816,897,239	70%	\$ 2,882,404	\$ 8,111,097	\$ 1,235,316	\$ 3,476,184
7	2031	2.0%	\$ -	\$ 835,051,672	\$ 833,270,801	70%	\$ 2,940,180	\$ 11,051,276	\$ 1,260,077	\$ 4,736,261
8	2032	2.0%	\$ -	\$ 851,752,706	\$ 849,971,835	70%	\$ 2,999,112	\$ 14,050,388	\$ 1,285,334	\$ 6,021,595
9	2033	0%	\$ -	\$ 851,752,706	\$ 849,971,835	70%	\$ 3,059,222	\$ 17,109,610	\$ 1,311,095	\$ 7,332,690
10	2034	0%	\$ -	\$ 851,752,706	\$ 849,971,835	70%	\$ 3,059,222	\$ 20,168,832	\$ 1,311,095	\$ 8,643,785
11	2035	2.0%	\$ -	\$ 868,787,760	\$ 867,006,889	70%	\$ 3,059,222	\$ 23,228,054	\$ 1,311,095	\$ 9,954,880
12	2036	2.0%	\$ -	\$ 886,163,515	\$ 884,382,644	70%	\$ 3,120,535	\$ 26,348,589	\$ 1,337,372	\$ 11,292,252
13	2037	2.0%	\$ -	\$ 903,886,785	\$ 902,105,914	70%	\$ 3,183,074	\$ 29,531,662	\$ 1,364,174	\$ 12,656,427
14	2038	2.0%	\$ -	\$ 921,964,521	\$ 920,183,650	70%	\$ 3,246,863	\$ 32,778,525	\$ 1,391,513	\$ 14,047,939
15	2039	2.0%	\$ -	\$ 940,403,812	\$ 938,622,941	70%	\$ 3,311,929	\$ 36,090,454	\$ 1,419,398	\$ 15,467,337
16	2040	2.0%	\$ -	\$ 959,211,888	\$ 957,431,017	70%	\$ 3,378,295	\$ 39,468,750	\$ 1,447,841	\$ 16,915,178
17	2041	2.0%	\$ -	\$ 978,396,126	\$ 976,615,255	70%	\$ 3,445,990	\$ 42,914,739	\$ 1,476,853	\$ 18,392,031
18	2042	2.0%	\$ -	\$ 997,964,048	\$ 996,183,177	70%	\$ 3,515,038	\$ 46,429,777	\$ 1,506,445	\$ 19,898,476
19	2043	0%	\$ -	\$ 997,964,048	\$ 996,183,177	70%	\$ 3,585,466	\$ 50,015,243	\$ 1,536,628	\$ 21,435,104
20	2044	0%	\$ -	\$ 997,964,048	\$ 996,183,177	70%	\$ 3,585,466	\$ 53,600,710	\$ 1,536,628	\$ 22,971,733
21	2045	2.0%	\$ -	\$ 1,017,923,329	\$ 1,016,142,458	70%	\$ 3,585,466	\$ 57,186,176	\$ 1,536,628	\$ 24,508,361
22	2046	2.0%	\$ -	\$ 1,038,281,796	\$ 1,036,500,925	70%	\$ 3,657,304	\$ 60,843,480	\$ 1,567,416	\$ 26,075,777
23	2047	2.0%	\$ -	\$ 1,059,047,432	\$ 1,057,266,561	70%	\$ 3,730,578	\$ 64,574,058	\$ 1,598,819	\$ 27,674,596
24	2048	2.0%	\$ -	\$ 1,080,228,380	\$ 1,078,447,509	70%	\$ 3,805,318	\$ 68,379,376	\$ 1,630,851	\$ 29,305,447
25	2049	2.0%	\$ -	\$ 1,101,832,948	\$ 1,100,052,077	70%	\$ 3,881,553	\$ 72,260,929	\$ 1,663,523	\$ 30,968,970
26	2050	2.0%	\$ -	\$ 1,123,869,607	\$ 1,122,088,736	70%	\$ 3,959,312	\$ 76,220,241	\$ 1,696,848	\$ 32,665,817
27	2051	2.0%	\$ -	\$ 1,146,346,999	\$ 1,144,566,128	70%	\$ 4,038,626	\$ 80,258,867	\$ 1,730,840	\$ 34,396,657
28	2052	2.0%	\$ -	\$ 1,169,273,939	\$ 1,167,493,068	70%	\$ 4,119,527	\$ 84,378,394	\$ 1,765,512	\$ 36,162,169
29	2053	0%	\$ -	\$ 1,169,273,939	\$ 1,167,493,068	70%	\$ 4,202,046	\$ 88,580,440	\$ 1,800,877	\$ 37,963,046
30	2054	0%	\$ -	\$ 1,169,273,939	\$ 1,167,493,068	70%	\$ 4,202,046	\$ 92,782,485	\$ 1,800,877	\$ 39,763,922
Total			\$ 771,611,922				92,782,485		39,763,922	

Assumptions	
Base Taxable Value ^[c]	\$1,780,871
City AV Rate	0.5142

Footnotes	
[a] Values increased at 2% annually, with two years of no growth each decade to simulate an economic downturn.	
[b] Based on project development data as provided by the Developer's model dated 11/16/2023.	
[c] As provided by the Appraisal District.	

EXHIBIT F – LEGAL DESCRIPTION OF THE ZONE



METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 124.612 acres (5,428,103 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being all of a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. RP-2023-65754; being all of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598262; being out of and a part of a called 28.9270 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598260; being all of a called 1.2603 acre tract of land conveyed to City of Friendswood as described by deed recorded under H.C.C.F. No. 20120071426; being out of and a part of Townes Road (80' right-of-way (R.O.W.)); being out of and a part of Blackhawk Boulevard (100' R.O.W.); being out of and a part of F.M. 528 (120' R.O.W.); being out of and a part of West Bay Area Boulevard (100' R.O.W.); being out of and a part of Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.); said 124.612 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly R.O.W. line of F.M. 528 and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 09°41'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 08°51'00" West, over and across said F.M. 528, a distance of 120.00 feet to the southerly end of a cutback line at the northwest corner of the intersection of said F.M. 528 and Townes Road;

THENCE, North 36°33'39" East, along said cutback line, a distance of 21.34 feet to the northerly end of said cutback line at the curved westerly R.O.W. line of said Townes Road;

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T.B.P.L.S. Firm No. 10084800



METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
PAGE 2 OF 8

THENCE, Northerly, an arc distance of 120.00 feet along said westerly R.O.W. line and a curve to the left, having a radius of 543.00 feet, a central angle of $12^{\circ}39'44''$, and a chord which bears North $15^{\circ}12'40''$ West, 119.76 feet to an angle point;

THENCE, North $68^{\circ}27'28''$ East, over and across said Townes Road, a distance of 80.00 feet to the curved easterly R.O.W. line of Townes Road;

THENCE, Southerly, an arc distance of 138.66 feet along said easterly R.O.W. line and a curve to the right, having a radius of 623.00 feet, a central angle of $12^{\circ}45'09''$, and a chord which bears South $15^{\circ}09'57''$ East, 138.38 feet to the northerly end of a cutback line at the northeast corner of the intersection of said F.M. 528 and Townes Road;

THENCE, South $53^{\circ}47'23''$ East, along said cutback line, a distance of 20.00 feet to the southerly end of said cutback line at the northerly R.O.W. line of said F.M. 528;

THENCE, South $08^{\circ}51'00''$ East, over and across said F.M. 528, a distance of 120.00 feet to the southerly R.O.W. line of F.M. 528;

THENCE, North $81^{\circ}12'37''$ East, along said southerly R.O.W. line, a distance of 1,131.34 feet to an angle point;

THENCE, North $08^{\circ}47'23''$ West, over and across said F.M. 528, a distance of 120.00 feet to the southerly end of a cutback line at the northwest corner of the intersection of said F.M. 528 and Blackhawk Boulevard;

THENCE, North $36^{\circ}12'37''$ East, along said cutback line, a distance of 20.00 feet to the northerly end of said cutback line at the westerly R.O.W. line of said Blackhawk Boulevard;

THENCE, North $08^{\circ}47'23''$ West, along said westerly R.O.W. line, a distance of 180.00 feet to an angle point;

THENCE, North $81^{\circ}12'37''$ East, over and across said Blackhawk Boulevard, a distance of 100.00 feet to the easterly R.O.W. line of Blackhawk Boulevard;

THENCE, South $08^{\circ}47'23''$ East, along said easterly R.O.W. line, a distance of 180.00 feet to the northerly end of a cutback line at the northeast corner of the intersection of said F.M. 528 and Blackhawk Boulevard;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,320,448 SQ. FT.)
PAGE 3 OF 8

THENCE, South 53°47'23" East, along said cutback line, a distance of 20.00 feet to the southerly end of said cutback line at the northerly R.O.W. line of said F.M. 528;

THENCE, South 08°47'23" East, over and across said F.M. 528, a distance of 120.00 feet to the southerly R.O.W. line of F.M. 528;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, a distance of 403.47 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of said 28.9270 acre tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and along the common line of said 28.9270 acre tract and said 106.472 acre tract, a distance of 1,109.36 feet to an angle point;

THENCE, North 81°12'37" East, over and across said 28.9270 acre tract, a distance of 917.54 feet to an angle point;

THENCE, North 00°56'05" West, continuing over and across said 28.9270 acre tract, a distance of 18.06 feet to an angle point;

THENCE, North 08°47'24" West, continuing over and across said 28.9270 acre tract, a distance of 156.86 feet to an angle point;

THENCE, North 68°47'23" West, continuing over and across said 28.9270 acre tract, a distance of 30.04 feet to an angle point;

THENCE, North 46°12'37" East, continuing over and across said 28.9270 acre tract, a distance of 105.00 feet to the westerly R.O.W. line of said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682;

THENCE, South 08°47'24" East, along said westerly R.O.W. line, a distance of 236.23 feet to an angle point;

THENCE, South 00°56'05" East, continuing along said westerly R.O.W. line, a distance of 116.17 feet to an angle point;

THENCE, South 14°46'31" West, continuing along said westerly R.O.W. line, at 85.85 feet passing the easterly common corner of said 28.9270 acre tract and said 10.0000 acre tract, continuing in all for a total distance of 116.17 feet to an angle point;

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T.B.P.L.S. Firm No. 10084800



METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
PAGE 4 OF 8

THENCE, South 30°29'10" West, continuing along said westerly R.O.W. line, a distance of 116.17 feet to an angle point;

THENCE, South 38°20'29" West, continuing along said northwesterly R.O.W. line, a distance of 568.63 feet to an angle point;

THENCE, South 58°42'02" East, over and across said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), a distance of 190.71 feet to the most northerly corner of the aforesaid 1.2603 acre tract;

THENCE, South 58°44'41" East, along a northeasterly line of said 1.2603 acre tract, a distance of 308.78 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking an angle point;

THENCE, South 70°03'17" East, along a northeasterly line of said 1.2603 acre tract, a distance of 101.98 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking an angle point;

THENCE, South 58°44'41" East, along a northeasterly line of said 1.2603 acre tract, a distance of 200.02 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found on the northwesterly R.O.W. line of said West Bay Area Boulevard (100 feet wide) and marking an angle point;

THENCE, North 22°12'52" East, along said northwesterly R.O.W. line, a distance of 30.00 feet to an angle point;

THENCE, South 67°47'08" East, over and across said West Bay Area Boulevard, a distance of 100.00 feet to the southeasterly R.O.W. line of West Bay Area Boulevard;

THENCE, South 22°12'52" West, along said southeasterly R.O.W. line, a distance of 375.00 feet to an angle point;

THENCE, North 67°47'08" West, over and across said West Bay Area Boulevard, a distance of 100.00 feet to the northwesterly R.O.W. line of West Bay Area Boulevard;

THENCE, North 22°12'52" East, along said northwesterly R.O.W. line, a distance of 243.74 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking the most southerly corner of said 1.2603 acre tract and for the most easterly corner of Lots 10 and 11, Block 1, AUTUMN CREEK SECTION NINE, a subdivision plat of record at Film Code No. 497014, H.C.M.R.;

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METES AND BOUNDS DESCRIPTION
124.812 ACRES (5,428,103 SQ. FT.)
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THENCE, North 58°44'41" West, departing said northwesterly R.O.W. line and along the common line of said 1.2603 acre tract and Lots 9 and 10, Block 1, AUTUMN CREEK SECTION NINE, a distance of 634.66 feet to a 3/4-inch iron rod found marking the most westerly corner of said 1.2603 acre tract;

THENCE, North 58°42'02" West, over and across said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), a distance of 190.70 feet to the southeast line of the aforesaid 10.0000 acre tract;

THENCE, South 38°20'29" West, along said southeast line and northwesterly R.O.W. line of said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), at 502.52 feet passing a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.000 acre tract and said 106.472 acre tract, continuing in all for a total distance of 1,380.50 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLS, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

North 21°17'29" West, a distance of 80.86 feet to an angle point;

North 04°22'12" West, a distance of 216.80 feet to an angle point;

North 32°41'57" West, a distance of 184.39 feet to an angle point;

North 51°06'03" West, a distance of 159.93 feet to an angle point;

North 74°03'08" West, a distance of 164.71 feet to an angle point;

South 48°02'49" West, a distance of 44.69 feet to an angle point;

North 73°53'13" West, a distance of 47.50 feet to an angle point;

South 49°24'27" West, a distance of 89.87 feet to an angle point;

North 75°14'40" West, a distance of 40.66 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
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South 43°53'50" West, a distance of 146.10 feet to an angle point;
South 25°05'22" West, a distance of 134.50 feet to an angle point;
South 83°33'17" West, a distance of 49.30 feet to an angle point;
South 21°22'27" West, a distance of 73.69 feet to an angle point;
North 77°09'16" West, a distance of 62.96 feet to an angle point;
South 59°48'42" West, a distance of 48.72 feet to an angle point;
North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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North 27°29'30" East, a distance of 63.48 feet to an angle point;

North 19°02'35" East, a distance of 103.93 feet to an angle point;

North 14°38'12" East, a distance of 53.72 feet to an angle point;

North 13°22'21" West, a distance of 9.00 feet to an angle point;

North 15°04'35" East, a distance of 70.83 feet to an angle point;

North 31°32'46" West, a distance of 52.49 feet to an angle point;

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

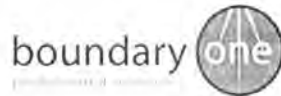
North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

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METES AND BOUNDS DESCRIPTION
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THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 124.612 acres (5,428,103 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburg, R.P.L.S.
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November 2, 2023



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EXHIBIT G – EXISTING AND PROPOSED USES OF THE PROPERTY

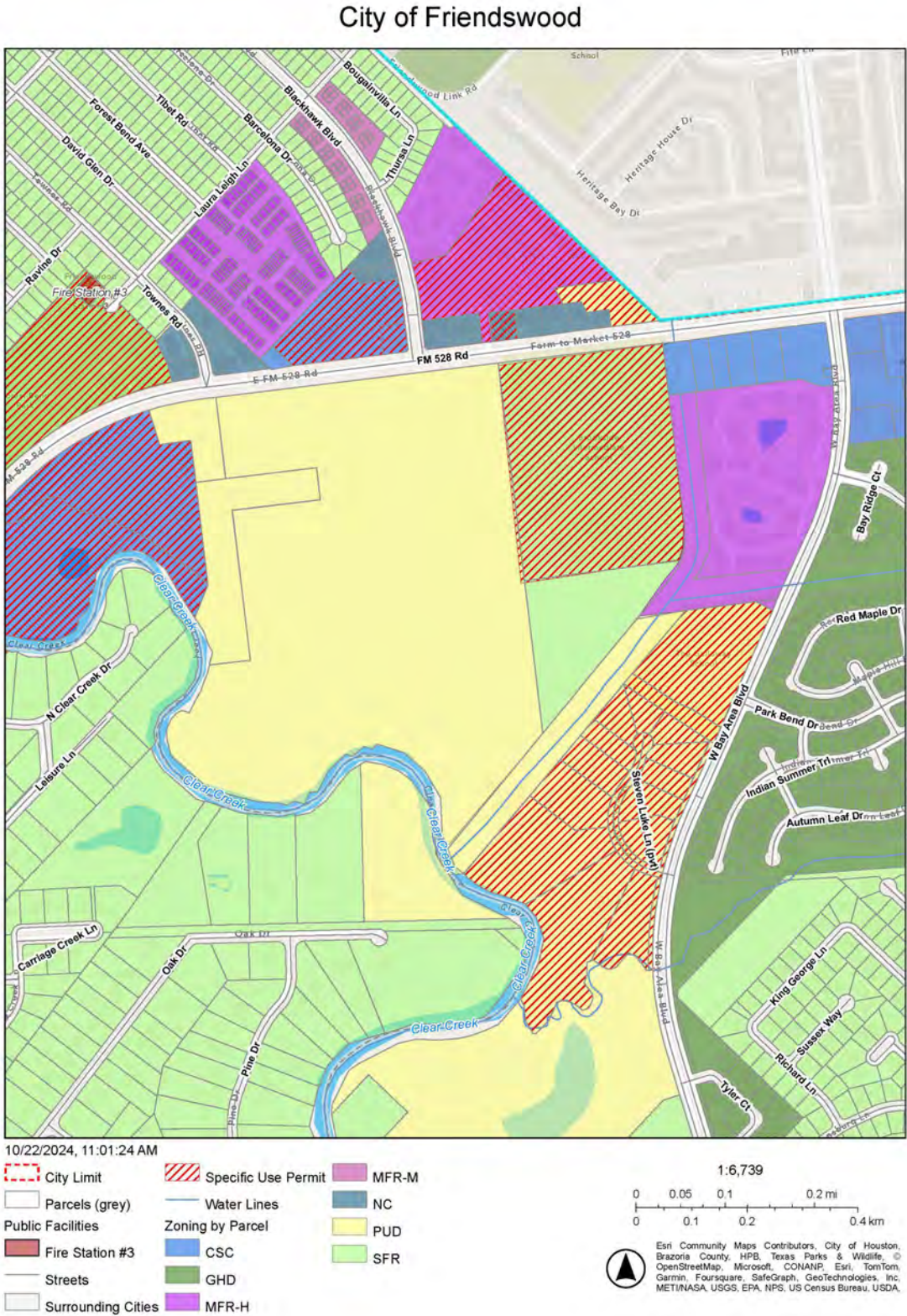
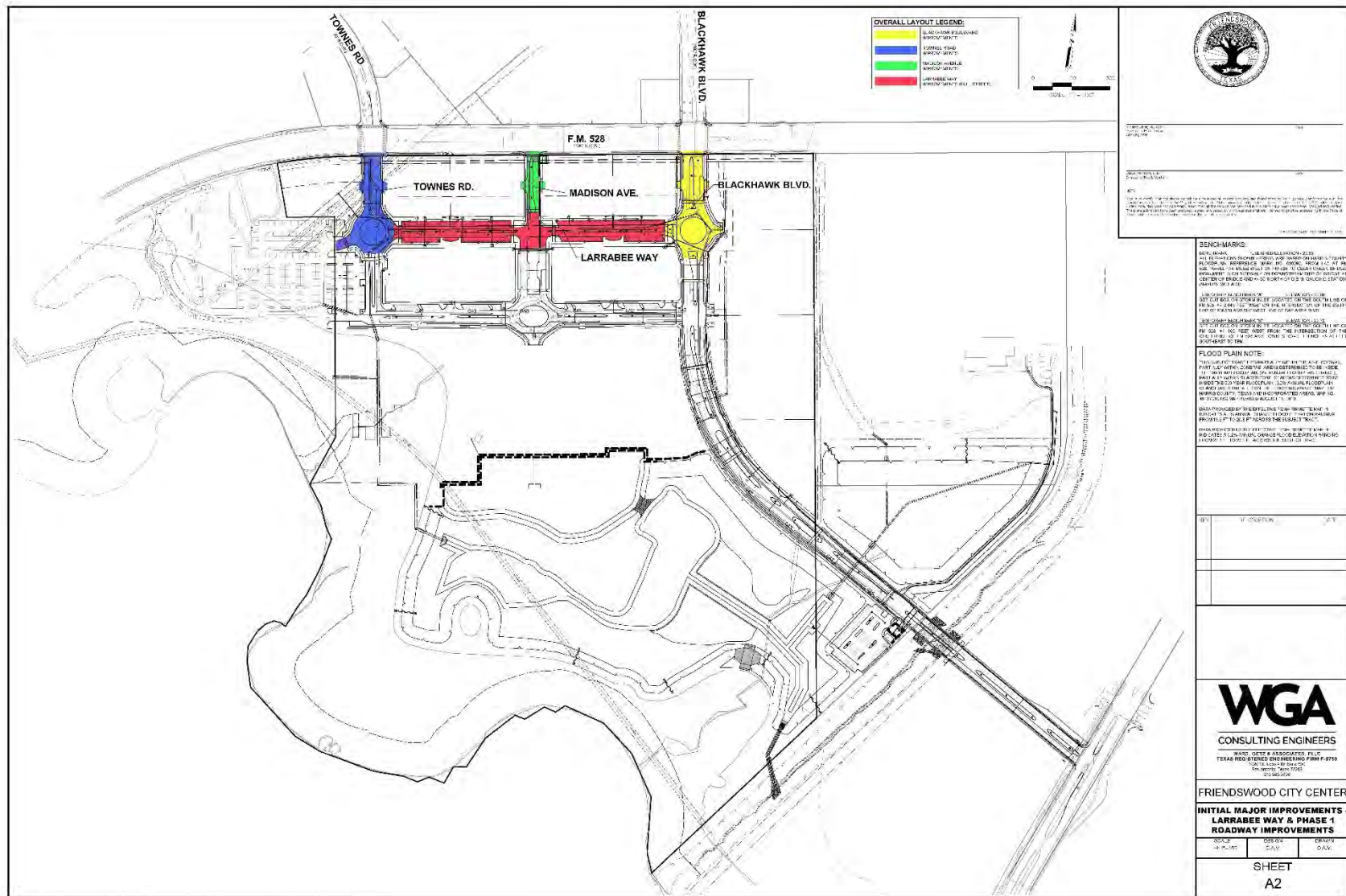
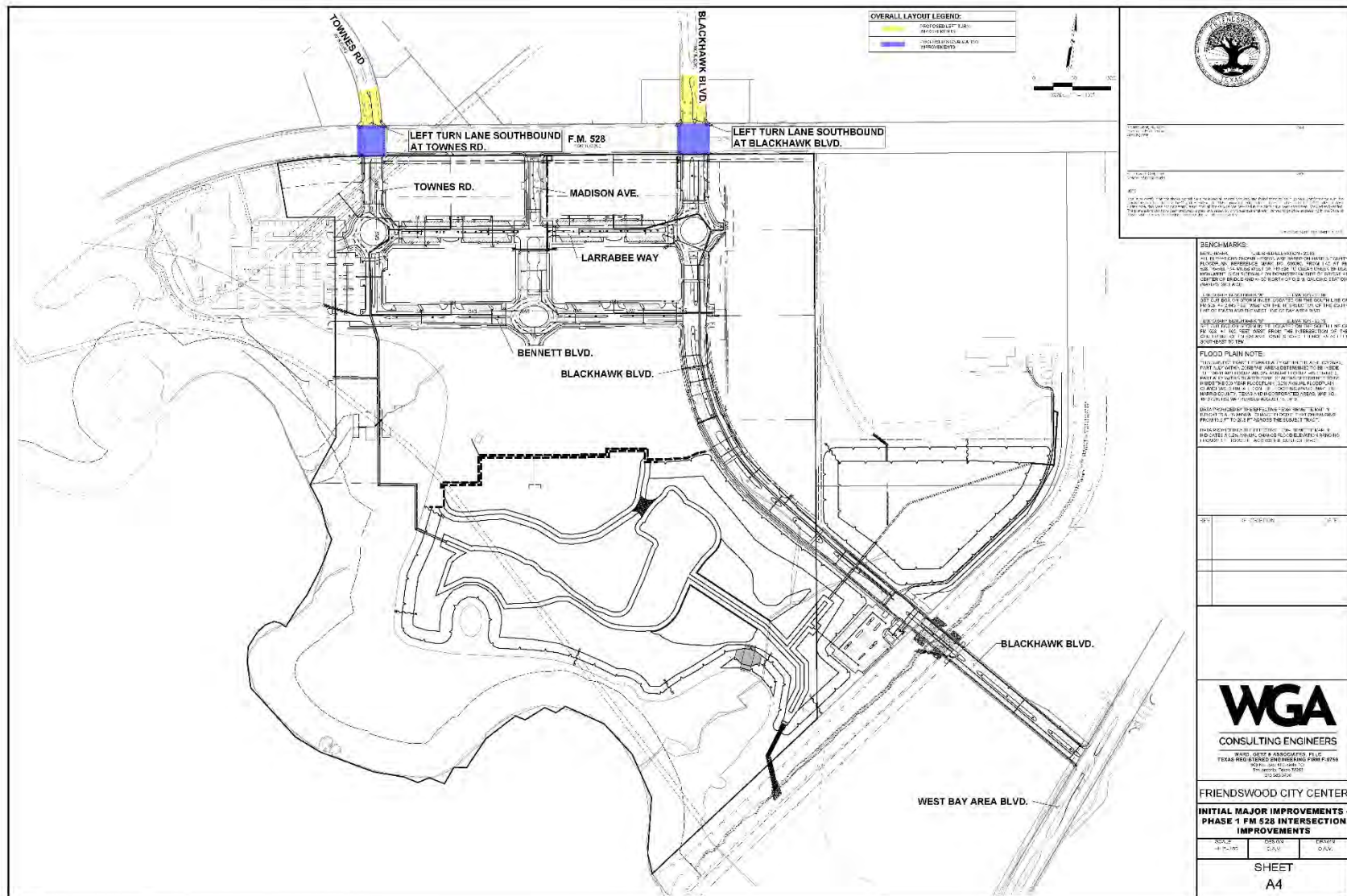
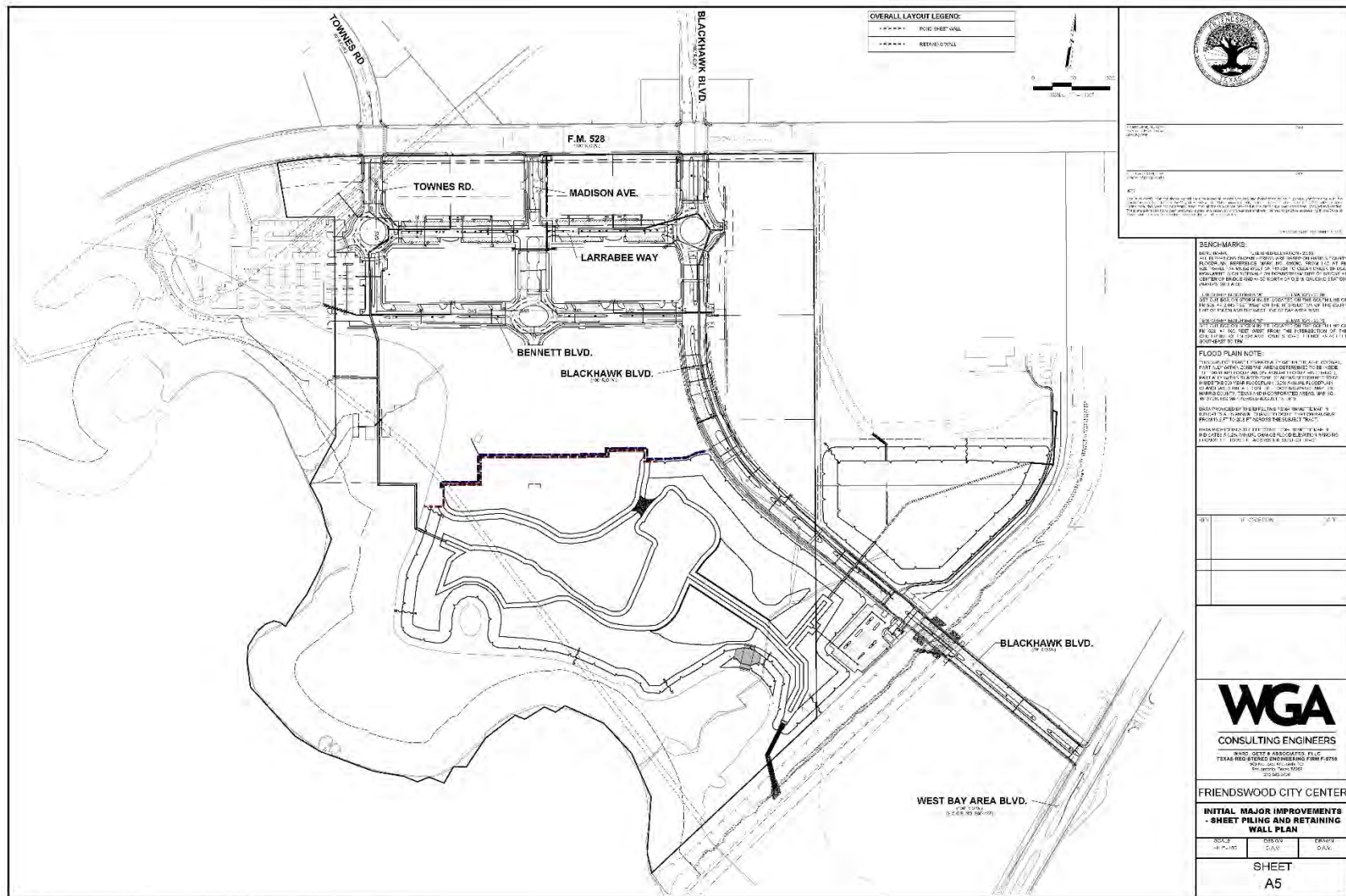


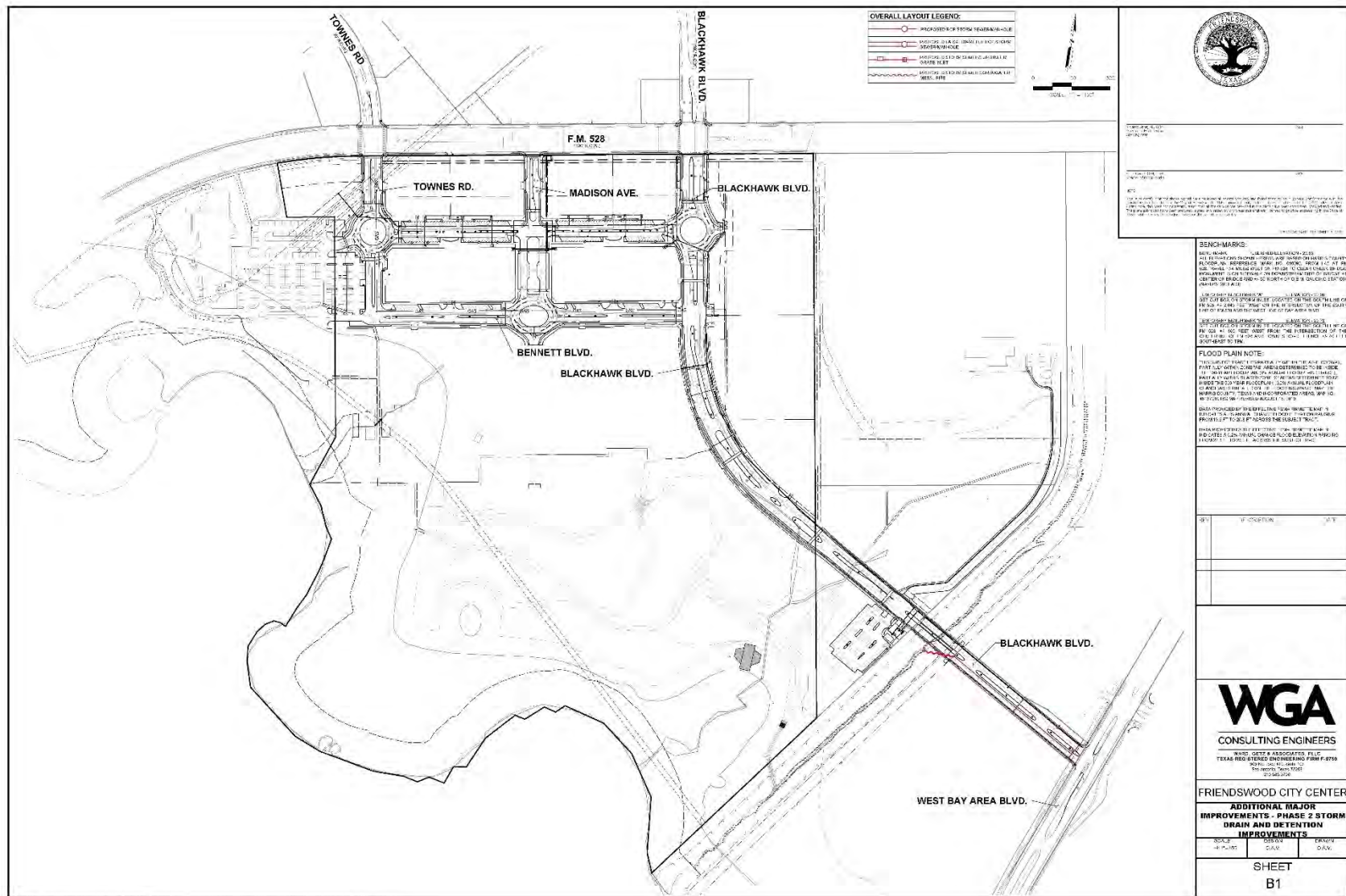


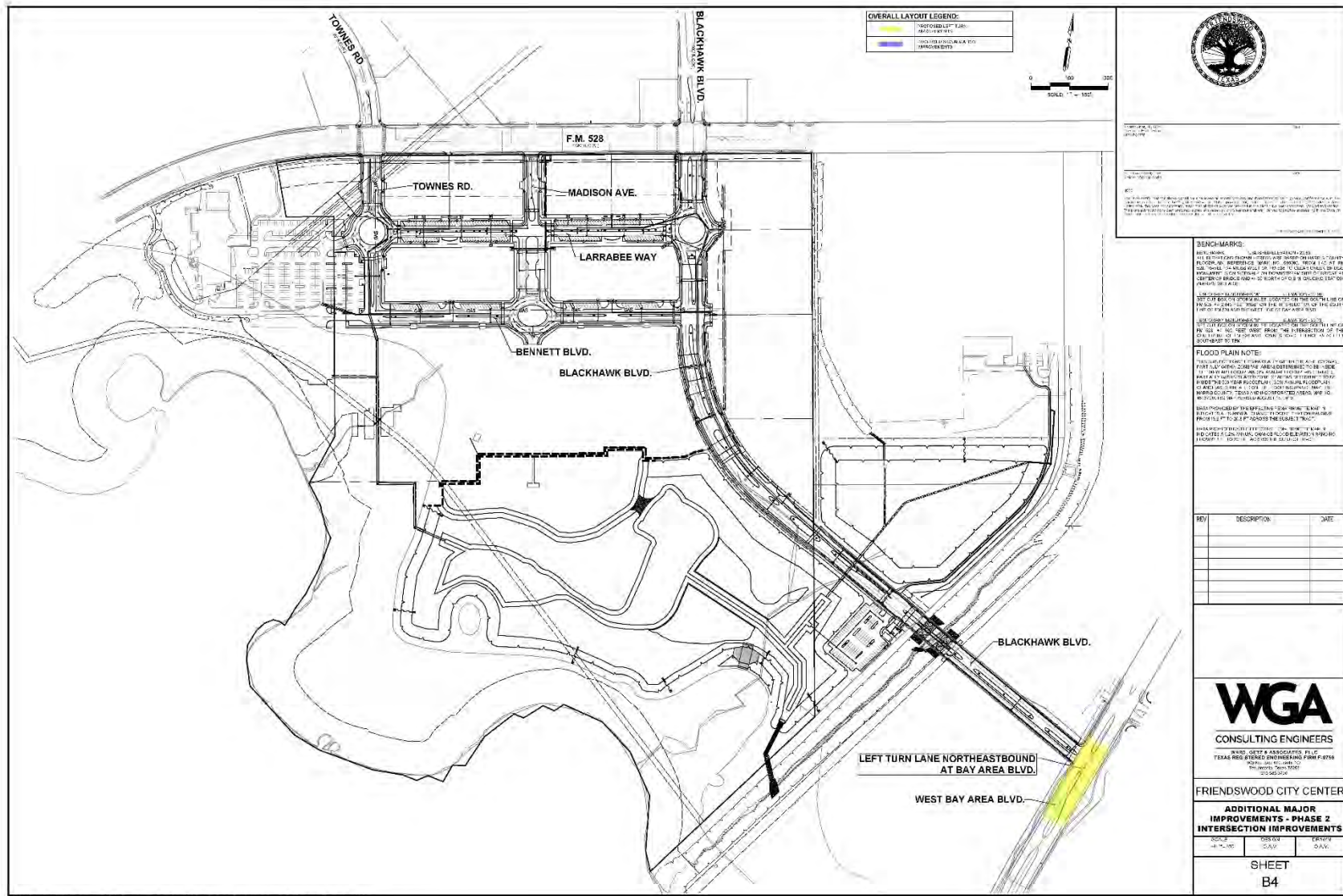
EXHIBIT H – MAP OF THE PUBLIC IMPROVEMENTS

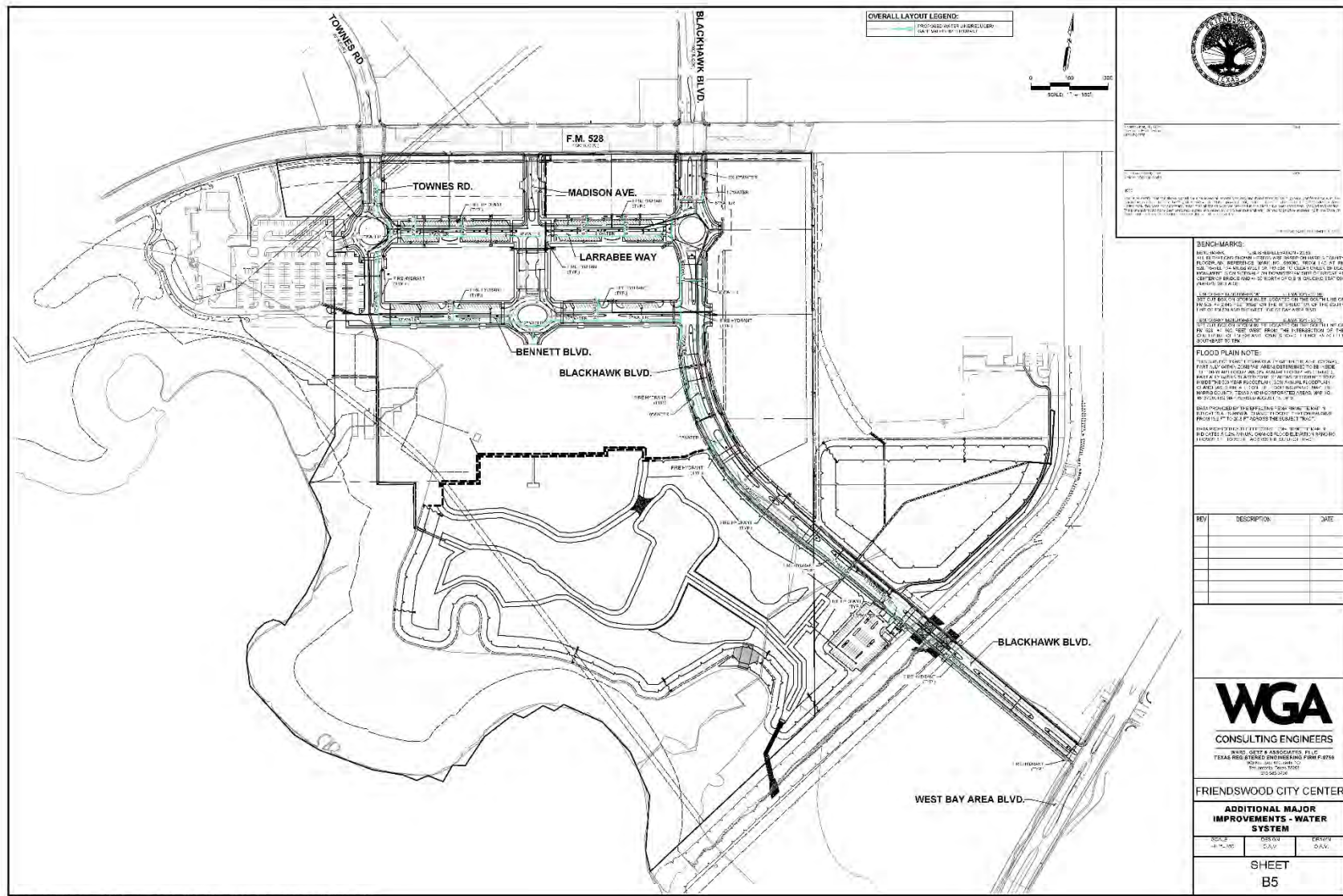


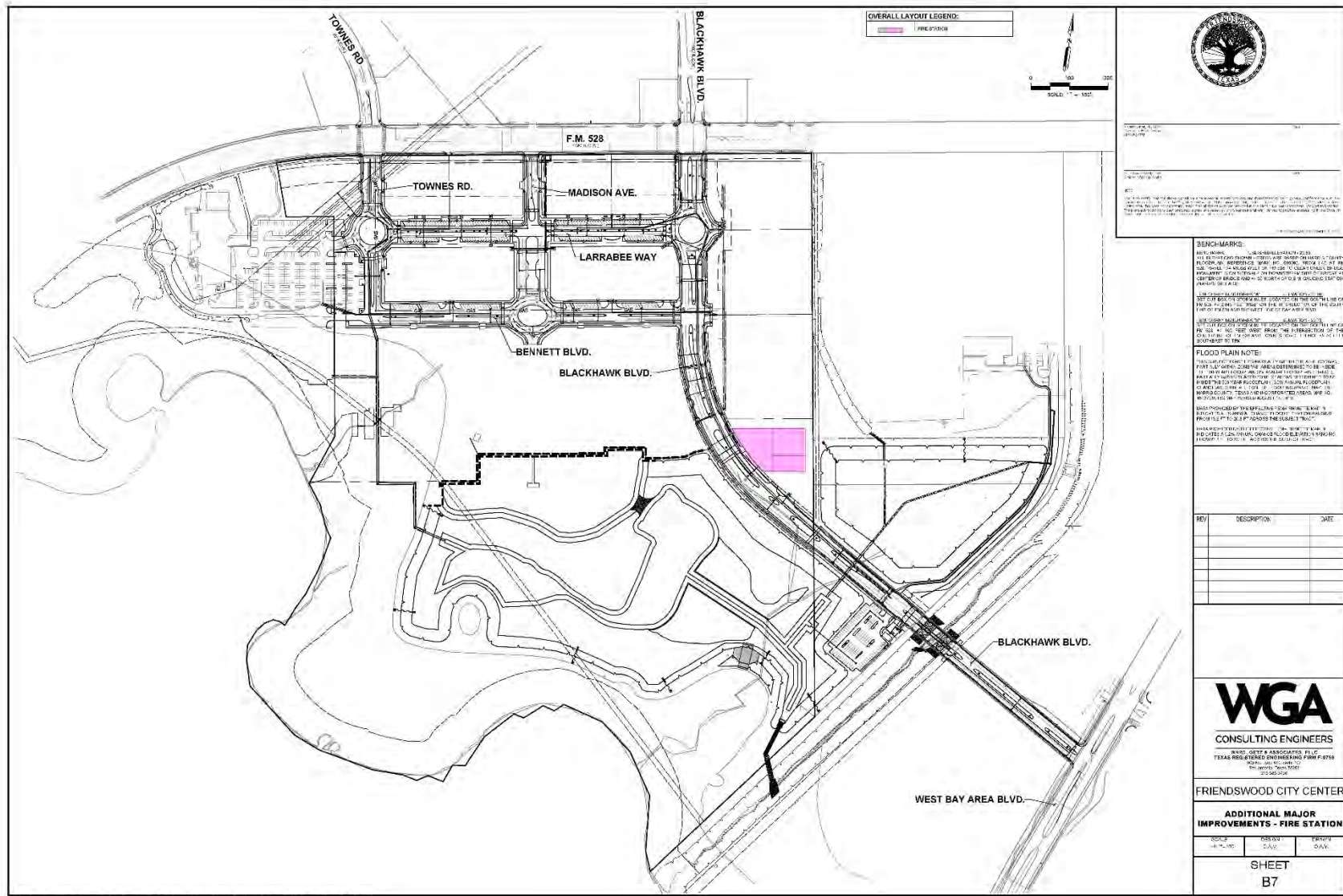














FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 05/14/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider authorizing the Property Conveyance and License Agreement with the Clear Creek Independent School District concerning the conveyance of an electrical easement and property for detention facilities and a license for additional play field space and certain road improvements near Brookside Intermediate School.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This proposed Property Conveyance and License Agreement (the "Agreement") provides for the terms and conditions by which the Clear Creek Independent School District (the "District") will convey the following to the City:

Property Interest	Acreage	Purpose
Easement	1.076 acres	Electrical facilities
Fee Simple Absolute	10 acres	Detention Improvements Certain Road Improvements
License		Fill in and grade the existing detention facilities Additional Playing Field Space

Under the terms of the Agreement, the District will convey the easement and the 10-acre tract to the City, and the City will assign the license to Madison Development Corp. (the "Developer") in order for the Developer to construct the above-described facilities and improvements thereon. The playing fields are to be complete within one year following the assignment of the license to the Developer, and the Developer will have three years to complete the other improvements, pursuant to a separate TIRZ Development Agreement by and between the Developer, the City and Reinvestment Zone Number One, City of Friendswood. The term of the license may be extended upon the written approval of the District

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Property Conveyance and License Agreement -- CCISD and City of Friendswood

**AGREEMENT TO CONVEY PROPERTY AND TO LICENSE PROPERTY
BY AND BETWEEN
THE CLEAR CREEK INDEPENDENT SCHOOL DISTRICT AND
THE CITY OF FRIENDSWOOD, TEXAS**

This Agreement to Convey Property and to License Property (this “Agreement”) is made and entered into on the _____ day of _____, 2024 (the “Effective Date”) by and between Clear Creek Independent School District, a political subdivision of the State of Texas (the “ISD”), and the City of Friendswood, Texas, a Texas home-rule municipal corporation located in Harris and Galveston Counties, Texas (the “City” or the “Licensee”). The ISD and the City are herein collectively referred to as the “Parties” and individually as a “Party.”

RECITALS

WHEREAS, contemporaneously with the execution of this Agreement, the ISD is granting and conveying to the City (i) that certain tract of land consisting of approximately 10 acres near Brookside Intermediate School (the “School”) and generally described in Exhibit “A” attached hereto and incorporated herein by reference (the “Fee Property”) pursuant to a Special Warranty Deed in substantially the form attached hereto as Exhibit “A-1” (the “Deed”), and (ii) an easement for electrical facility purposes along a portion of the ISD’s property consisting of that certain 1.076-acre easement area generally described in Exhibit “B” attached hereto and incorporated herein by reference pursuant to an Electric Easement in substantially the form attached hereto as Exhibit “B-1” (the “Electric Easement”); and

WHEREAS, in consideration of the conveyance by the ISD of the Deed and Electric Easement, the City anticipates entering into a TIRZ Development Agreement (the “TIRZ Agreement”) with Reinvestment Zone Number One, City of Friendswood, and Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), pursuant to which the Developer will (i) construct certain public roadway improvements adjacent to the ISD’s property and certain public detention pond facilities on the Fee Property, and (ii) fill in and grade a detention site and develop playing fields on that certain property currently maintained by the ISD for detention purposes and depicted and labeled as “New Play Field” in Exhibit “C” hereto (the “Licensed Property”), all as further described in Section 1 hereof; and

WHEREAS, in connection with the Developer’s construction activities on the Licensed Property, the ISD desires to grant to the City, as Licensee, a license to cause the performance of certain activities thereon (as further specified in Section 2.5 hereof, the “Permitted Use”) subject to the terms and conditions stated herein;

NOW, THEREFORE, the ISD and the City, in consideration of the promises, covenants, and conditions, hereby mutually agree as follows:

1. **TERMS OF CONVEYANCE OF FEE PROPERTY AND ELECTRIC EASEMENT.**

1.1 *Effective Date of Conveyances.* Contemporaneously with the execution of this Agreement, the ISD shall execute and deliver to the City the Deed and the Electric

Easement, in substantially the forms attached hereto as Exhibits “A-1” and “B-1”, respectively, each of which shall be dated as of the Effective Date.

1.2 *Developer’s Construction of Certain Public Improvements.* Subject to the City contracting with the Developer for the construction thereof pursuant to the TIRZ Agreement, the City agrees to cause Developer to complete construction of the following improvements no later than three (3) years following the License Commencement Date, as that term is defined in Section 2.8 (the “Completion Deadline”): (i) detention improvements on the Fee Property that will provide detention for the School based upon applicable detention requirements; (ii) additional playing field space for the ISD’s use on the Licensed Property; and (iii) certain road improvements, including (a) a public roadway owned and maintained by the City and providing additional access to the School, and (b) an extension to Blackhawk Boulevard adjacent to the ISD’s property; all as generally described in Exhibit “D,” attached hereto and incorporated herein by reference (collectively, the “Developer’s Obligations”), in accordance with the following provisions:

- a. The date on which all of Developer’s Obligations have been substantially completed in accordance with the terms of this Agreement, the TIRZ Agreement, and all applicable legal requirements, including acceptance of all detention and roadway improvements by the City and acceptance of the additional playing field space by the ISD, shall be the “Completion Date.”
- b. The City’s ability to extend the Completion Deadline pursuant to the TIRZ Agreement shall be expressly conditioned upon the ISD’s written approval of the extension time therefor.
- c. The Parties hereby agree to execute any mutually acceptable documents as may be necessary or desired to further memorialize such Developer’s Obligations.

2. LICENSE AND PERMITTED USE OF THE LICENSED PROPERTY.

2.1 *License.* Subject to the terms and conditions contained herein, the ISD hereby grants to the Licensee, for its non-exclusive use, the privilege, license, and authority to use the Licensed Property for only the Permitted Use specified in Section 2.5 hereinbelow (the “License”). The License is expressly contingent upon the Licensee’s strict adherence with all terms and conditions contained herein.

2.2 *Right of Access.* The ISD reserves the right to enter upon and have access to any portion of the Licensed Property at any and all times on any matters relating to this Agreement or any other public purpose.

2.3 *Subordination.* The License granted pursuant to Section 2.1 is made subordinate to the right of the ISD to use the Licensed Property for a public purpose. It is understood and agreed that should the ISD deem it in the public interest to use the above area, or a portion thereof, for any public purpose, then in that event, the ISD shall give the Licensee thirty (30) days’ advance written notice of the termination

of the License. The determination by the Superintendent of the ISD as to the public necessity of the use of the Licensed Property shall be final and binding upon the ISD and the Licensee.

2.4 *No Property Right Granted.* The License granted pursuant to Section 2.1 does not establish any real property rights, franchises, or other rights whatsoever in the Licensed Property. This Agreement provides limited rights to use and limited rights for access to the Licensed Property, subject to revocation upon the terms and conditions of this Agreement.

2.5 *Permitted Use.* Throughout the term hereof and subject to the conditions specified herein, the Licensee shall use the Licensed Property only for the following Permitted Use:

- a. to fill in and grade the detention site located thereon;
- b. to develop additional playing field space for the ISD's use thereon;
- c. to remove any debris resulting from such activity; and
- d. to perform any other activities ancillary thereto.

Such uses shall be permitted only if, prior to the Licensee accessing the Licensed Property, it provides or causes its contractor to provide a certificate of insurance to the ISD meeting the requirements contained in Section 6.6 hereinbelow. Any use of the Licensed Property not specified in this Section 2.5 or prior to the ISD's acceptance of the insurance certificate required herein is expressly prohibited and shall constitute an Event of Default.

2.6 *Limitation of Use.* If, at any time during the term of the License following the License Commencement Date, the Licensee fails to use or ceases using the Licensed Property for the purpose specified in Section 2.5 for a period of 180 consecutive days, such cessation of use shall constitute an Event of Default. This section shall not apply to a cessation of use requested by the ISD.

2.7 *Non-Permitted Uses.* The Licensee understands and agrees that nothing shall be erected on, over or above the Licensed Property.

2.8 *Term of Agreement and Term of License; Commencement of Certain Requirements.*

- a. The term of this Agreement will commence on the Effective Date and will terminate on the later to occur of (i) the Completion Date and (ii) the termination of the License.
- b. On or after the Effective Date, the City shall assign its interest in this License to the Developer, subject to the terms and conditions set forth in the Developer Agreement and this Agreement (the "License Assignment"). The term of the License granted herein will commence upon the date of the

City's issuance to the Developer of a notice to proceed to commence construction of the Developer's Obligations, as set forth in the License Assignment ("License Commencement Date"), and will terminate on the date that is twelve (12) months from the License Commencement Date, unless extended in writing by the Superintendent of the ISD or sooner terminated as provided in this Agreement.

- 2.9 *Effectiveness of Articles 3, 4, and 6; Obligations of Licensee following License Assignment.* Articles 3, 4, and 6 shall only become effective upon the License Assignment, and the City shall cause the Developer, as Licensee pursuant to the License Assignment, to comply with such requirements as a condition of such assignment. All references to "Licensee" in such Articles shall be deemed references to the Developer and not to the City, and all references in this Agreement to obligations of the Licensee during the term of the License shall be deemed obligations of the Developer and not the City.

3. NO LIEN.

- 3.1 The Licensee shall not place or allow any other person or entity to place a lien against the Licensed Property.
- 3.2 In the event that a lien is filed against the Licensed Property for work completed by a contractor or subcontractor of the Licensee, the Licensee shall immediately use its best effort to remove such lien within ten (10) days after the lien is placed on the Licensed Property. In the event that a lien remains on the Licensed Property after the expiration of ten (10) days, the Licensee shall execute a bond for the sum of one hundred percent (100%) of the total lien amount, on standard forms for this purpose, guaranteeing that such lien shall be released from the Licensed Property. Such bond must be submitted to and approved by the ISD in order for the Licensee to be in compliance with this provision. In no event shall the Licensee have the right, authority or power to bind the ISD or any interest of the ISD in the Licensed Property for any claim for labor or material or for any other charge or expense incurred by the Licensee in furtherance of the uses specified herein.

4. TERMINATION OF LICENSE.

- 4.1 *Termination for Cause.* On or after the License Commencement Date, the License may be terminated by the ISD for cause for an Event of Default or a violation of any provision of this Agreement, which is not cured by the Licensee within ten (10) days after receiving written notice of the Event of Default or violation. In the event the ISD terminates the License for cause, the Licensee shall remove all debris on the Licensed Property and shall restore the Licensed Property to a safe, sanitary condition acceptable to the ISD. Should the Licensee fail to do so, the ISD shall have the right to do so and shall assess the costs thereof plus an administrative fee of 10% of such cost to the Licensee. The Licensee shall pay the costs and the fee within thirty (30) days of receiving an invoice therefor. Failure to timely pay the invoiced amount shall constitute an Event of Default and interest at the rate of

twelve percent (12%) per annum or the maximum rate permitted by law shall accrue on the delinquent amount until paid.

- 4.2 *Effect of Termination.* The License granted herein shall become null and void upon termination; provided, however, that the obligations of the Licensee pursuant to Sections 3.1 and 3.2 shall remain in effect until fully performed.

5. CONDITIONS.

- 5.1 *Compliance with Law.* This Agreement is subject to all applicable state, local and federal laws and regulations, including the provisions of the Charter of the City of Friendswood as it now exists or as it may hereafter be adopted or amended and the ordinances of the City of Friendswood now in effect or those which may hereafter be passed, adopted, or amended.
- 5.2 *Permits Required.* In performing any activities pursuant to the License, the Licensee must apply for and receive any necessary permits from the Community Development Department, Public Works Department, or other pertinent City boards or departments.
- 5.3 *Funding of Developer's Obligations.* The Parties understand and agree that the City has no funding for the Developer's Obligations hereunder and is wholly relying on the Developer for the performance of such obligations pursuant to (i) the TIRZ Agreement and (ii) that certain Friendswood City Center Development Agreement between the City and the Developer dated as of January 22, 2024.

6. INDEMNIFICATION, RELEASE, AND INSURANCE.

- 6.1 *Assumption of Risk.* By using the Licensed Property, the Licensee accepts the Licensed Property in the condition existing as of the License Commencement Date. The ISD makes no representation or warranty with respect to the condition of the Licensed Property, and the ISD shall not be liable for any latent or patent defect on the Licensed Property. Licensee undertakes and assumes for its officers, agents, contractors and subcontractors, employees, assigns and the public (collectively "Licensee" for the purpose of this Article 6), all risk of dangerous conditions, whether patent or latent, obvious, or undiscoverable, and regardless of whether the ISD should have known of such dangerous conditions, if any, on or about the Licensed Property.

6.2 INDEMNIFICATION.

THE LICENSEE AGREES TO AND SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE ISD, THE CITY, AND THEIR RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES (EACH, AN "INDEMNIFIED PARTY" AND COLLECTIVELY, THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS, AND LIABILITY OF EVERY KIND, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS,

AND ATTORNEYS' FEES, FOR INJURY TO OR DEATH OF ANY PERSON, OR FOR DAMAGE TO ANY PROPERTY, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE CONDUCT OR MANAGEMENT OF THE LICENSEE'S ACTIVITIES, OR FROM ANY ACT OR OMISSION BY THE LICENSEE, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, GUESTS, OR INVITEES, ON OR ABOUT THE PROPERTY, WHERE SUCH INJURIES, DEATH OR DAMAGES ARE CAUSED BY (I) THE JOINT NEGLIGENCE OF AN INDEMNIFIED PARTY AND ANY OTHER PERSON OR ENTITY AND/OR (II) THE SOLE OR JOINT NEGLIGENCE OF THE LICENSEE, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, GUESTS, AND/OR INVITEES. IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO, BOTH THE ISD AND THE LICENSEE, THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH IS INDEMNITY BY THE LICENSEE TO INDEMNIFY AND PROTECT THE INDEMNIFIED PARTIES FROM THE CONSEQUENCES OF (I) THE NEGLIGENCE OF AN INDEMNIFIED PARTY, WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE RESULTING INJURY, DEATH OR DAMAGE AND/OR (II) THE NEGLIGENCE OF THE LICENSEE, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, GUESTS, AND/OR INVITEES. FURTHERMORE, THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL HAVE NO APPLICATION TO AN INDEMNIFIED PARTY FOR ANY CLAIM, LOSS, DAMAGE, CAUSE OF ACTION, SUIT, AND LIABILITY WHERE THE INJURY, DEATH, OR DAMAGE RESULTS FROM THE SOLE NEGLIGENCE OF THE INDEMNIFIED PARTY, UNMIXED WITH THE FAULT OF ANY OTHER PERSON OR ENTITY.

In the event that any action or proceeding is brought against an Indemnified Party by reason of any matter from which the Indemnified Party is indemnified herein, the Licensee further agrees and covenants to defend the action or proceeding by legal counsel acceptable to the Indemnified Party. It is expressly agreed and understood by the Parties hereto that the indemnity provided in this Section shall survive the expiration or earlier termination of this Agreement.

- 6.3 *Release.* The Licensee assumes full responsibility for all of the Licensee's actions as well as those of its officers, contractors, agents or volunteers while on the Licensed Property and hereby releases, relinquishes and discharges the Indemnified Parties from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to or death of any person (whether they be either of the Parties hereto, their employees, or other third parties) and any loss of or damage to property (whether the property be that of either of the Parties hereto, their employees, or other third parties) that is caused by or alleged to be caused by, arising out of, or in connection with this Agreement. This release

shall apply regardless of whether said claims, demands, and causes of action are covered in whole or in part by insurance.

6.4 *No Consent to Litigation.* By this Agreement, neither the City nor the ISD consents to litigation or suit, and each of the City and the ISD hereby expressly revokes any consent to litigation that it may have granted by the terms of this Agreement or any other contract or agreement, any charter, or applicable state law. Nothing herein shall be construed so as to limit or waive the sovereign immunity of the City or the ISD.

6.5 *Insurance.* Throughout the term of the License, the Licensee shall maintain insurance coverage of the type and amount hereinafter indicated. The Licensee shall provide to the ISD and the City an insurance certificate evidencing the following coverage in the minimum limit indicated hereinbelow:

- Commercial General Liability
 - General Aggregate: \$2,000,000
 - Per Occurrence: \$1,000,000
 - Owners' and Contractors' Protective Liability: \$1,000,000
 - Coverage shall be at least as broad as ISO CG 00 01 10 93
 - No coverage shall be deleted from standard policy without notification of individual exclusions being attached for review and acceptance.
 - Waiver of Subrogation required.
- Business Automobile Policy (BAP)
 - Combined Single Limits: \$1,000,000
 - Coverage for "Any Auto."
 - Waiver of Subrogation required.
- Workers' Compensation: Statutory Limits
 - Employer's Liability: \$500,000
 - Waiver of Subrogation required.

On or before the License Commencement Date, the Licensee shall file with the ISD and the City valid Certificates of Insurance and endorsements acceptable to the ISD and the City. Such certificates shall contain a provision that coverages afforded under the policies will not be canceled, suspended, voided, or reduced until at least thirty (30) days' prior written notice has been given to the City and the ISD via certified mail, return receipt requested. Prior to the end of each coverage period during the term of the License, new Certificates of Insurance must be filed with the City and the ISD evidencing continuation of coverage.

The following are general requirements, which are applicable to the required policy:

- All insurance coverage required herein shall be written by a carrier with an A.M. Best Rating of A:VII or higher in accordance with the current Best Key Rating Guide.
- Only insurance carriers licensed and admitted to do business in the State of Texas will be accepted.
- Deductibles shall be listed on the Certificate of Insurance and are acceptable only on a per occurrence basis.
- Claims-made policies will not be accepted.
- The ISD and the City, and their respective officers, agents, and employees, are to be added as "Additional Insureds" to the policy. The coverage shall contain no special limitation on the scope of protection afforded to the ISD, the City, and their respective officers, agents, or employees.
- A waiver of subrogation in favor of the ISD and the City must be included.
- Upon request, certified copies of all insurance policies and/or certificates of insurance shall be furnished to the City and the ISD at no cost to the City or the ISD.

The Licensee shall require its contractors or subcontractors (if any) to carry in full force and effect insurance coverages of the type and limits as required hereinabove if such contractors perform any work on the Licensed Property.

- 6.6 *No Arbitration.* Notwithstanding anything to the contrary contained in this Agreement, the ISD and the Licensee hereby agree that no claim or dispute between the ISD and the Licensee arising out of or relating to this Agreement shall be decided by any arbitration proceeding including, without limitation, any proceeding under the Federal Arbitration Act (9 U.S.C. Sections 1-14), or any applicable State arbitration statute, including, but not limited to, the Texas General Arbitration Act, provided that in the event the ISD is subjected to an arbitration proceeding notwithstanding this provision, the Licensee consents to be joined in the arbitration proceeding if the Licensee's presence is required or requested by the ISD for complete relief to be recorded in the arbitration proceeding.

7. GENERAL PROVISIONS.

- 7.1 *Entire Agreement.* This Agreement constitutes the entire agreement between the ISD and the Licensee. No agreements, modifications (implied or otherwise), shall be binding on any of the Parties unless set forth in writing and signed by both Parties.
- 7.2 *Severability.* The phrases, clauses, sentences, paragraphs, and sections of this Agreement are severable; and, if any phrase, clause, sentence, paragraph, or section of this Agreement should be declared invalid by the final decree or judgment of any

court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Agreement.

- 7.3 *Notice.* Any notice required to be given pursuant to the terms and provisions of this Agreement shall be in writing and mailed by certified or registered mail, addressed as set forth below or at such other address as may be specified by written notice:

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

Attn: Superintendent
2435 East Main St.
League City, TX 77573

CITY OF FRIENDSWOOD

Attn: City Manager
910 S. Friendswood Dr.
Friendswood, TX 77546

- 7.4 *Choice of Law.* This Agreement shall be construed in accordance with the laws of the State of Texas.
- 7.5 *Venue.* Exclusive venue for any dispute out of this Agreement shall lie in a court of competent jurisdiction in Galveston County, Texas.
- 7.6 *Assignment.* Except as otherwise provided herein with respect to the License Assignment, this Agreement may not be assigned by the City without the prior written consent of the ISD; provided, however, that the License Assignment must be expressly subject to and conditioned upon Developer's agreement to comply with the terms of this Agreement and the TIRZ Agreement, including but not limited to the conditions set forth in Section 1.2 and the requirements of Articles 3, 4, and 6 hereof.
- 7.7 *Construction.* Both Parties have participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement.
- 7.8 *Non-Waiver.* Failure of either Party hereto to insist on the strict performance of any of the agreements contained herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on and to enforce by an appropriate remedy, strict compliance with any other obligation hereunder to exercise any right or remedy occurring as a result of any future default or failure of performance.
- 7.9 *Remedies Cumulative.* No right or remedy granted herein or reserved to the ISD is exclusive of any other right or remedy herein by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder. No covenant or condition of this Agreement may be waived without

consent of the ISD. Forbearance or indulgence by the ISD shall not constitute a waiver of any covenant or condition to be performed pursuant to this Agreement.

- 7.10 *Construction.* The article and section headings are used in this Agreement for convenience and reference purposes only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement and shall have no meaning or effect upon its interpretation.
- 7.11 *Agreement Read.* The Parties acknowledge that they have read, understand, and intend to be bound by the terms and conditions of this Agreement.
- 7.12 *Multiple Originals.* It is understood and agreed that this Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

[Signature pages follow]

CLEAR CREEK INDEPENDENT SCHOOL
DISTRICT

By: _____
Name: _____
Title: _____

CITY OF FRIENDSWOOD

Morad Kabiri, City Manager

ATTEST:

Leticia Brysch, City Secretary

Exhibit "A"

Fee Property

METES AND BOUNDS DESCRIPTION
10.000 ACRES (435,612 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 10.000 acres (435,612 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. P598262; said 10.000 acre tract of land being more particularly described as follows (bearings are grid and oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

COMMENCING at a 5/8-inch iron rod found marking the intersection of the southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) with a westerly line of a called 12.2828 acre tract of land conveyed to Harris County Flood Control District (H.C.F.C.D. Unit No. A-114-02-00) as described by deeds recorded under H.C.C.F. No(s). E449568 and K384682; said iron rod for the northwest corner of Restricted Reserve "F", AUTUMN CREEK COMMERCIAL TRACT "TWO", a subdivision plat of record at Film Code No. 410065, Harris County Map Records (H.C.M.R.) and also for the northeast corner of Restricted Reserve "A", WESTSIDE MIDDLE SCHOOL, a subdivision plat of record at Film Code No. 359101, H.C.M.R.; said iron rod having Texas State Plane Grid Coordinates of X=3,187,884.24' and Y=13,757,264.17';

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and along a westerly line of said H.C.F.C.D. tract, at 320.00 feet passing the southwest corner of said Restricted Reserve "F", continuing in all for a total distance of 1,095.59 feet to a 1/2-inch iron rod found marking an angle point;

THENCE, South 00°56'04" East, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 116.17 feet to a 5/8-inch iron rod found marking an angle point;

THENCE, South 14°46'34" West, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 85.85 feet to a 5/8-inch iron rod with cap stamped "KRESS" found marking the southeast corner of said Restricted Reserve "A" and northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE, South 14°46'34" West, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 30.32 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking an angle point;

THENCE, South 30°29'11" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 116.17 feet to a 1/2-inch iron rod found marking an angle point;

METES AND BOUNDS DESCRIPTION
10.000 ACRES (435,612 SQ. FT.)
PAGE 2 OF 2

THENCE, South 38°20'29" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 1,151.75 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.0000 acre tract and a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under H.C.C.F. No. RP-2023-65754; said iron rod for the most southerly corner of the herein described tract;

THENCE, North 08°47'23" West, along the common line of said 106.472 acre tract and said 10.0000 acre tract, a distance of 901.29 feet to a 5/8-inch iron rod found marking the southwest corner of said Restricted Reserve "A" and for the northwest corner of the herein described tract;

THENCE, North 81°12'37" East, departing said common line and along the southerly line of said Restricted Reserve "A", a distance of 929.80 feet to the POINT OF BEGINNING and containing 10.000 acres (435,612 square feet) of land. This description is based upon a Standard Land Survey of 38.927 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-6576.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.E.L.S Firm No. 10084800
150 W. Shadowbend Ave., Suite 300
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
May 10, 2024

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Form of Special Warranty Deed

SPECIAL WARRANTY DEED

TO HAVE AND TO HOLD the above-described property, together with all and singular the rights and appurtenances thereto and in anywise belonging, unto the said GRANTEE, its successors and assigns forever, in fee simple absolute. GRANTOR does hereby bind its successors and assigns, to WARRANT and FOREVER DEFEND all and singular the above-described property unto the said GRANTEE, its successors and assigns, against every person

whomsoever lawfully claiming or to claim the same of any part thereof, by, through or under the GRANTOR, but not otherwise.

Executed this _____ day of _____, 2024.

GRANTOR:
CLEAR CREEK INDEPENDENT
SCHOOL DISTRICT

ARTURO SANCHEZ
President of the Board of Trustees

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

BEFORE ME, _____, the undersigned notary public, on this day personally appeared ARTURO SANCHEZ, President of the Board of Trustees of the Clear Creek Independent School District, the owner of the Property, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed that instrument for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN before me this _____ day of _____, 2024.

Notary Public in and for the State of
Texas

My commission expires:

ACCEPTED BY:
CITY OF FRIENDSWOOD, TEXAS

By: _____
MORAD KABIRI
City Manager

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

BEFORE ME, _____, the undersigned notary public, on this day personally appeared MORAD KABIRI, the City Manager of the City of Friendswood, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed that instrument for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN before me this _____ day of _____, 2024.

Notary Public in and for the State of
Texas

My commission expires:

GRANTOR'S ADDRESS:
Clear Creek Independent School District
Attn: Superintendent
P.O. Box 799
League City, TX 77574

AFTER RECORDING RETURN TO:
City of Friendswood
Attn: City Secretary
910 S. Friendswood Drive
Friendswood, TX 77546

EXHIBIT "A"

METES AND BOUNDS DESCRIPTION
10.000 ACRES (435,612 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 10.000 acres (435,612 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. P598262; said 10.000 acre tract of land being more particularly described as follows (bearings are grid and oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011):

COMMENCING at a 5/8-inch iron rod found marking the intersection of the southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) with a westerly line of a called 12.2828 acre tract of land conveyed to Harris County Flood Control District (H.C.F.C.D. Unit No. A-114-02-00) as described by deeds recorded under H.C.C.F. No(s). E449568 and K384682; said iron rod for the northwest corner of Restricted Reserve "F", AUTUMN CREEK COMMERCIAL TRACT "TWO", a subdivision plat of record at Film Code No. 410065, Harris County Map Records (H.C.M.R.) and also for the northeast corner of Restricted Reserve "A", WESTSIDE MIDDLE SCHOOL, a subdivision plat of record at Film Code No. 359101, H.C.M.R.; said iron rod having Texas State Plane Grid Coordinates of X=3,187,884.24' and Y=13,757,264.17';

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and along a westerly line of said H.C.F.C.D. tract, at 320.00 feet passing the southwest corner of said Restricted Reserve "F", continuing in all for a total distance of 1,095.59 feet to a 1/2-inch iron rod found marking an angle point;

THENCE, South 00°56'04" East, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 116.17 feet to a 5/8-inch iron rod found marking an angle point;

THENCE, South 14°46'34" West, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 85.85 feet to a 5/8-inch iron rod with cap stamped "KRESS" found marking the southeast corner of said Restricted Reserve "A" and northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE, South 14°46'34" West, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 30.32 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking an angle point;

THENCE, South 30°29'11" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 116.17 feet to a 1/2-inch iron rod found marking an angle point;

METES AND BOUNDS DESCRIPTION
10.000 ACRES (435,612 SQ. FT.)
PAGE 2 OF 2

THENCE, South 38°20'29" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 1,151.75 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.0000 acre tract and a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under H.C.C.F. No. RP-2023-65754; said iron rod for the most southerly corner of the herein described tract;

THENCE, North 08°47'23" West, along the common line of said 106.472 acre tract and said 10.0000 acre tract, a distance of 901.29 feet to a 5/8-inch iron rod found marking the southwest corner of said Restricted Reserve "A" and for the northwest corner of the herein described tract;

THENCE, North 81°12'37" East, departing said common line and along the southerly line of said Restricted Reserve "A", a distance of 929.80 feet to the POINT OF BEGINNING and containing 10.000 acres (435,612 square feet) of land. This description is based upon a Standard Land Survey of 38.927 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.E.L.S Firm No. 10084800
150 W. Shadowbend Ave., Suite 300
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
May 10, 2024

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Exhibit "B"

Electric Easement

METES AND BOUNDS DESCRIPTION
1.076 ACRES (46,884 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 1.076 acres (46,884 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being out of and a part of Restricted Reserve "A", WESTSIDE MIDDLE SCHOOL, a subdivision plat of record at Film Code No. 359101, Harris County Map Records (H.C.M.R.); being out of and a part of a called 28.9270 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. P598260; being out of and a part of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598262; said 1.076 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011):

COMMENCING at a 5/8-inch iron rod found marking the intersection of the southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) with a westerly line of a called 12.2828 acre tract of land conveyed to Harris County Flood Control District (H.C.F.C.D. Unit No. A-114-02-00) as described by deeds recorded under H.C.C.F. No(s). E449568 and K384682; said iron rod for the northwest corner of Restricted Reserve "F", AUTUMN CREEK COMMERCIAL TRACT "TWO", a subdivision plat of record at Film Code No. 410065, Harris County Map Records (H.C.M.R.) and also for the northeast corner of said Restricted Reserve "A"; said iron rod having Texas State Plane Grid Coordinates of X=3,187,884.24' and Y=13,757,264.17';

THENCE, South 81°12'37" West, along said southerly R.O.W. line, a distance of 958.50 feet to the northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and over and across said Restricted Reserve "A" and 10.0000 acre tract, a distance of 2,170.69 feet to a northwesterly line of said H.C.F.C.D. tract and for an angle point of the herein described tract;

THENCE, South 38°20'29" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 29.34 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.0000 acre tract and a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under H.C.C.F. No. RP-2023-65754; said iron rod for the most southerly corner of the herein described tract;

METES AND BOUNDS DESCRIPTION
1.076 ACRES (46,884 SQ. FT.)
PAGE 2 OF 2

THENCE, North 08°47'23" West, at 901.29 feet passing a 5/8-inch iron rod found marking the southwest corner of said Restricted Reserve "A" and northwest corner of said 10.0000 acre tract; continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod found at the base of a concrete lift station pad on the aforesaid southerly R.O.W. line of F.M. 528 and marking the northerly common corner of said Restricted Reserve "A" and 106.472 acre tract; said iron rod for the northwest corner of the herein described tract;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, a distance of 21.50 feet to the POINT OF BEGINNING and containing 1.076 acres (46,884 square feet) of land. This description is based upon a Standard Land Survey of 38.927 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.E.L.S Firm No. 10084800
150 W. Shadowbend Ave., Suite 300
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
May 10, 2024

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Exhibit "B-1"

Form of Electric Easement

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ELECTRIC EASEMENT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

THAT CLEAR CREEK INDEPENDENT SCHOOL DISTRICT, a political subdivision of the State of Texas ("GRANTOR"), for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid by the GRANTEE herein named, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, BARGAINED, SOLD AND CONVEYED and by these presents does GRANT, BARGAIN, SELL AND CONVEY unto the CITY OF FRIENDSWOOD, TEXAS, a home-rule municipal corporation located in Harris and Galveston Counties, Texas, its successors and assigns (collectively "GRANTEE"), a perpetual electric easement in, under, over, along, upon, and across that certain tract of land, being more particularly described in Exhibit "A," which is attached hereto and incorporated herein for all intents and purposes (the "Easement").

This conveyance is made subject to the following to the extent the same are still in effect, related to the Property: all easements, rights-of-way, reservations of mineral leases respecting mineral interests, and all other matters of record in the Official Public Records of Real Property of Harris County, Texas, to which GRANTEE may be legally bound.

TO HAVE AND TO HOLD the above-described Easement, together with all and singular the rights and appurtenances thereto in any wise belonging, together with the rights of ingress and egress to and from the Easement for the purposes of constructing, inspecting,

reconstructing, repairing, relocating, altering, and maintaining electric service facilities, including lines and related facilities (the "Facilities"), unto the said GRANTEE, its successors and assigns forever, provided, however, only trees previously designated by GRANTOR may be removed from the Easement. GRANTOR binds itself as well as its successors and assigns, to warrant and forever defend all and singular the Easement unto GRANTEE and GRANTEE'S successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under the GRANTOR, but not otherwise.

At all times after performing any work in connection with the Easement, GRANTEE shall, at GRANTEE'S expense, promptly restore the Easement as nearly as reasonably practicable to substantially the condition prior to the undertaking of such work.

GRANTEE, at GRANTEE'S sole expense, shall be solely responsible for the maintenance of the Facilities placed or constructed within the Easement by the GRANTEE.

GRANTEE agrees to comply in all material respects, at its sole cost, with all applicable federal, state and local laws, rules, and regulations which are applicable to GRANTEE'S activities hereunder.

GRANTOR expressly reserves the right to the use and enjoyment of the surface of the Easement for any and all purposes, provided, however, that such use and enjoyment of the surface of the Easement shall not materially and unreasonably interfere with or restrict the full and complete use and enjoyment of the Easement for the purposes set forth herein.

Executed this _____ day of _____, 2024.

GRANTOR:
CLEAR CREEK INDEPENDENT
SCHOOL DISTRICT

ARTURO SANCHEZ
President of the Board of Trustees

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

BEFORE ME, _____, the undersigned notary public, on this day personally appeared ARTURO SANCHEZ, President of the Board of Trustees of the Clear Creek Independent School District, the owner of the Property, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed that instrument for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN before me this _____ day of _____, 2024.

Notary Public in and for the State of
Texas

My commission expires:

ACCEPTED BY:
CITY OF FRIENDSWOOD, TEXAS

By: _____
MORAD KABIRI
City Manager

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

BEFORE ME, _____, the undersigned notary public, on this day personally appeared MORAD KABIRI, the City Manager of the City of Friendswood, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed that instrument for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN before me this _____ day of _____, 2024.

Notary Public in and for the State of
Texas

My commission expires:

GRANTOR'S ADDRESS:

Clear Creek Independent School District
Attn: Superintendent
P.O. Box 799
League City, TX 77574

AFTER RECORDING RETURN TO:

City of Friendswood
Attn: City Secretary
910 S. Friendswood Drive
Friendswood, TX 77546

EXHIBIT "A"

METES AND BOUNDS DESCRIPTION
1.076 ACRES (46,884 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 1.076 acres (46,884 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being out of and a part of Restricted Reserve "A", WESTSIDE MIDDLE SCHOOL, a subdivision plat of record at Film Code No. 359101, Harris County Map Records (H.C.M.R.); being out of and a part of a called 28.9270 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. P598260; being out of and a part of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598262; said 1.076 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011):

COMMENCING at a 5/8-inch iron rod found marking the intersection of the southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) with a westerly line of a called 12.2828 acre tract of land conveyed to Harris County Flood Control District (H.C.F.C.D. Unit No. A-114-02-00) as described by deeds recorded under H.C.C.F. No(s). E449568 and K384682; said iron rod for the northwest corner of Restricted Reserve "F", AUTUMN CREEK COMMERCIAL TRACT "TWO", a subdivision plat of record at Film Code No. 410065, Harris County Map Records (H.C.M.R.) and also for the northeast corner of said Restricted Reserve "A"; said iron rod having Texas State Plane Grid Coordinates of X=3,187,884.24' and Y=13,757,264.17';

THENCE, South 81°12'37" West, along said southerly R.O.W. line, a distance of 958.50 feet to the northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and over and across said Restricted Reserve "A" and 10.0000 acre tract, a distance of 2,170.69 feet to a northwesterly line of said H.C.F.C.D. tract and for an angle point of the herein described tract;

THENCE, South 38°20'29" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 29.34 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.0000 acre tract and a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under H.C.C.F. No. RP-2023-65754; said iron rod for the most southerly corner of the herein described tract;

METES AND BOUNDS DESCRIPTION
1.076 ACRES (46,884 SQ. FT.)
PAGE 2 OF 2

THENCE, North 08°47'23" West, at 901.29 feet passing a 5/8-inch iron rod found marking the southwest corner of said Restricted Reserve "A" and northwest corner of said 10.0000 acre tract; continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod found at the base of a concrete lift station pad on the aforesaid southerly R.O.W. line of F.M. 528 and marking the northerly common corner of said Restricted Reserve "A" and 106.472 acre tract; said iron rod for the northwest corner of the herein described tract;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, a distance of 21.50 feet to the POINT OF BEGINNING and containing 1.076 acres (46,884 square feet) of land. This description is based upon a Standard Land Survey of 38.927 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.E.L.S Firm No. 10084800
150 W. Shadowbend Ave., Suite 300
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
May 10, 2024

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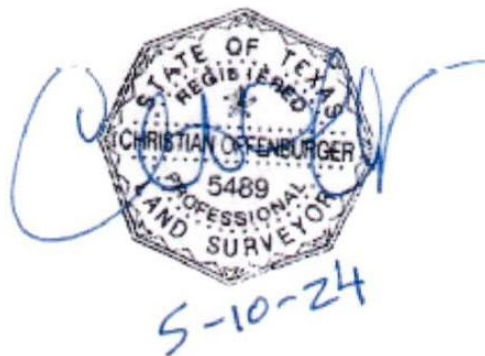


Exhibit "C"

Licensed Property



Exhibit “D”

Developer’s Obligations

- Detention improvements on the Fee Property that will provide detention for the School based upon applicable detention requirements.
- Playing fields on the Licensed Property, including:
 - Filling in and grading the detention site currently located thereon;
 - Hydromulching the site; and
 - Installing an irrigation system thereon to be connected to the ISD’s existing water system.
- Road improvements, including:
 - A public roadway owned and maintained by the City and providing additional access to the School; and
 - An extension to Blackhawk Boulevard adjacent to the ISD’s property.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 07/01/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider authorizing the TIRZ Development Agreement with Madison Development Corp., LLC, and Reinvestment Zone Number One, City of Friendswood.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This item allows the City Council to approve the TIRZ Development Agreement (the "Agreement") by and between (i) Madison Development Corp., LLC (the "Developer") (ii) Reinvestment Zone Number One, City of Friendswood (the "Zone"), and (ii) the City for the development and financing of certain public improvements associated with the proposed development within the Zone.

Under the proposed Agreement, Developer will:

1. design and construct the Project consisting of the Friendswood City Center mixed-use commercial development within the Zone, consisting of (i) approximately 500 multi-family units; (ii) approximately 191,000 square feet of medical/office use; (iii) a maximum 150-room hotel and approximately 5,000 square foot conference facility; (iv) approximately 63,800 square feet of restaurant and retail space; (v) approximately 52 acres of public parks and approximately 5.2 miles of public trails; (vi) a maximum of 300 condominium units; and (vii) a minimum 2,188-space parking garage (the "Project");
2. construct certain public improvements, including streets, detention, storm drainage, water, sanitary sewer, sanitary lift station, landscaping, amenities, parks, school playing fields for Brookside Intermediate School, and a fire station;
3. maintain the public improvements until the same are accepted by the City (or, as to the playing fields, the Clear Creek Independent School District) as being in compliance with the approved plans and specifications;
4. not protest Harris County Appraisal District's assessed tax values;
5. convey all necessary easements pertaining to the public improvements; and
6. pay all permit and impact fees applicable to the Project.

Under the proposed Agreement, the City will:

1. reimburse the Developer for certain public improvements costs advanced by the Developer on behalf of the City from tax increment generated by the Project; and
2. provide an economic development grant to Developer pursuant to Chapter 380 of the Texas Local Government Code to support the development of the Project, subject to Developer's completion of the public improvements.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. TIRZ #1 Developer Reimbursement Agreement City Center(10397191.10)
2. Form 1295 Certificate (Madison Development Corp. LLC TIRZ) 4860-0075-9539 1

TIRZ DEVELOPMENT AGREEMENT

By and Between

**REINVESTMENT ZONE NUMBER ONE,
CITY OF FRIENDSWOOD**

and

THE CITY OF FRIENDSWOOD, TEXAS

and

MADISON DEVELOPMENT CORP., LLC

TIRZ DEVELOPMENT AGREEMENT

This **TIRZ DEVELOPMENT AGREEMENT** (“Agreement”), effective _____, 2024 (“Effective Date”), is made by and among **REINVESTMENT ZONE NUMBER ONE, CITY OF FRIENDSWOOD** (“Zone”), a tax increment reinvestment zone created by the City of Friendswood, Texas, pursuant to Chapter 311, Texas Tax Code, as amended (“Act”), acting by and through its governing body, the Board of Directors (“Zone Board”), **THE CITY OF FRIENDSWOOD, TEXAS**, a Texas home-rule municipal corporation (“City”), and **MADISON DEVELOPMENT CORP., LLC**, a Texas limited liability company (“Developer”) (each a “Party,” and together, “the Parties”).

RECITALS

WHEREAS, pursuant to the Act, by Ordinance No. 2023-31, passed, approved and adopted by the City Council of the City (“City Council”) on December 4, 2023, the City created the Zone, a description of which is attached hereto as Exhibit A, and approved the preliminary reinvestment zone financing plan for the Zone; and

WHEREAS, on [____], 2024, the Zone Board adopted a project plan and reinvestment zone financing plan for the Zone (the “Project and Financing Plan”) that provides for the development of certain public works and improvements in the Zone, and by Ordinance No. 2024-[____], passed, approved and adopted by City Council on [____], 2024, the Project and Financing Plan was approved by the City Council; and

WHEREAS, the Act provides that the Zone and the City may enter into agreements as the Zone Board and the City Council consider necessary or convenient to implement the Project and Financing Plan and achieve its purposes; and

WHEREAS, the Developer desires to proceed with the design, development, construction, maintenance, management, use and operation of a mixed-use commercial development within the Zone to be known as Friendswood City Center, consisting of (i) approximately 500 multi-family units; (ii) approximately 191,000 square feet of medical/office use; (iii) a maximum 150-room hotel and approximately 5,000 square foot conference facility; (iv) approximately 63,800 square feet of restaurant and retail space; (v) approximately 52 acres of public parks and approximately 5.2 miles of public trails; (vi) a maximum of 300 condominium units; and (vii) a minimum 2,188-space parking garage (“Project”), in accordance with the Planned Unit Development—Friendswood City approved by the City on November 6, 2023, as may be amended from time to time, and that certain City Center Development Agreement by and between the City and Developer effective as of January 22, 2024, as may be amended from time to time (the “PID Agreement”) ; and

WHEREAS, in connection with the development of the Project, Developer intends to construct and install certain Public Improvements (as hereinafter defined), which consist of both the City Center PID Projects (as hereinafter defined) and the City Center Non-PID Projects (as hereinafter defined) contemplated in the Project and Financing Plan and the PID Development Agreement; and

WHEREAS, pursuant to Section 311.010(h) of the Act, subject to the approval of City Council, the Zone Board, as necessary or convenient to implement the Project and Financing Plan and achieve their purposes, is authorized to establish and provide for the administration of one or more programs for the public purposes of developing and diversifying the economy of the Zone, eliminating unemployment and underemployment in the Zone, and developing or expanding transportation, business, and commercial activity in the Zone, including programs to make grants and loans from the Revenue Fund (as hereinafter defined) in an aggregate amount not to exceed the amount of the City Tax Increment (as hereinafter defined) paid into the Revenue Fund, for activities that benefit the Zone and stimulate business and commercial activity in the Zone; and

WHEREAS, consistent with the foregoing, the Project and Financing Plan provides that the Zone may fund an economic development program to incentivize private enterprise in the Zone and serve as a catalyst for other business developments by inducing private development paired with public investment to develop and diversify the economy of the Zone, eliminate unemployment and underemployment in the Zone and develop or expand transportation, business and commercial activity in the Zone (the “Zone 380 Program”); and

WHEREAS, Developer anticipates and recognizes that the development of the Project and the construction and installation of the Public Improvements pursuant to this Agreement will significantly contribute to the economic improvement and development of the Zone through the attraction of new businesses and the creation of temporary and permanent new jobs in the Zone; and

WHEREAS, the Zone Board and the City Council recognize the positive economic impact that the Project will bring to the Zone through the development and diversification of the economy, the elimination and reduction of unemployment and underemployment through the creation of new jobs, and the development of business and commercial activity through the attraction of new businesses pursuant to Chapter 380 of the Texas Local Government Code (“Chapter 380”); and

WHEREAS, the Act provides that the Zone and the City may enter into agreements as the Zone Board and the City Council consider necessary or convenient to implement the Project and Financing Plan and achieve its purposes; and

WHEREAS, the Zone Board and the City Council have determined that it is in the best interest of the Zone and the City to contract with the Developer, a developer of land within the Zone, in order to provide for the efficient and effective implementation of certain aspects of the Project and Financing Plan; and

WHEREAS, the Zone Board and the City Council have concluded and hereby find that the establishment of the Zone 380 Program, the development of the Project, and the construction and installation of the Public Improvements pursuant to the Agreement promote economic development within the Zone and, as such, meet the requirements of Section 311.010(h) of the Act and Chapter 380, and further, are in the best interests of the Zone, the City and the Developer; and

WHEREAS, in consideration of the Developer’s intent to construct the Public Improvements in connection with the development of the Project, the Zone Board and the City

Council have determined that it is in the best interest of the Zone and the City to enter into this Agreement pursuant to Chapter 380 and other laws applicable to the development of the Public Improvements as an economic incentive for the Developer to develop the Project and construct the Public Improvements; and

WHEREAS, pursuant to the foregoing, the Zone Board and the City agree to utilize the Available Tax Increment (as hereinafter defined) to (i) reimburse the Developer for a portion of the costs of the City Center Non-PID Projects advanced on behalf of the City and (ii) make the 380 Grant (as hereinafter defined) to Developer to support the development of the Project and the completion of the Public Improvements.

AGREEMENT

NOW THEREFORE, for and in consideration of the mutual promises, covenants, obligations, and benefits of this Agreement, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 GENERAL TERMS

1.1 Definitions. The terms “Act,” “Agreement,” “Chapter 380,” “City,” “City Council,” “Developer,” “Effective Date,” “Party,” “Parties,” “PID Agreement,” “Project,” “Project and Financing Plan,” “Zone,” “Zone 380 Program,” and “Zone Board” have the above meanings, and the following terms have the following meanings:

“380 Grant” shall mean an economic development grant made to the Developer pursuant to the Zone 380 Program in an amount not to exceed the lesser of (i) Developer’s actual costs of financing the construction of the Public Improvements or (ii) the Maximum 380 Grant Amount.

“Additional Reimbursement Amount” shall mean an amount equal to the amount of Available Tax Increment, if any, remaining in the Revenue Fund, after (i) all Project Costs of the City Center Non-PID Projects and (ii) the 380 Grant have been repaid in full from the TIRZ Contribution, that may be available to reimburse the Developer for any excess Project Costs that have not been and will not be paid for or reimbursed from another funding source, either pursuant to the PID Agreement or otherwise, subject to the TIRZ Cap.

“Administrative Costs” shall mean all costs incurred by the City for the administration of the Zone, including legal, bookkeeping, auditing, and other professional and/or consulting service costs, during the Term.

“Applicable Law” shall mean any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, or other Governmental Authority. Applicable Laws shall include, but not be limited to, City Regulations.

“Assessments” shall have the meaning assigned to that term in the PID Agreement.

“Available Tax Increment” shall mean the City Tax Increment deposited into the Revenue Fund other than those funds required to be used to (i) subsidize the Assessments pursuant to the PID Agreement; and (ii) pay Administrative Costs, which Available Tax Increment may not exceed the TIRZ Cap.

“Base Year Value” shall mean the value of the property in the Zone on January 1, 2023, as established and certified by the Harris Central Appraisal District.

“City Center Non-PID Projects” shall mean the Public Improvements other than the City Center PID Projects and includes the Playing Fields and the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B.

“City Center PID Projects” shall mean the Public Improvements defined and described in the Project and Financing Plan that will be funded by PID Bonds or Assessments.

“City Regulations” shall mean the provisions of the City’s Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, which shall be applied to the Project and the Public Improvements.

“City Representative” shall mean the City Manager or any person or persons designated by the City Manager to act on behalf of the City.

“City Tax Increment” shall mean seventy percent (70%) of the City’s ad valorem taxes levied and collected by the City above the Base Year Value on the captured appraised value of real property taxable by the City within the Zone and deposited into the Revenue Fund.

“Commence Construction” or “Commencement of Construction” shall mean, with respect to the Public Improvements (or a component thereof, including the Detention and Road Improvements) that (i) the plans have been prepared and all approvals thereof required by applicable Governmental Authorities have been obtained for construction of the applicable Public Improvements, or component thereof, as the case may be, and, with respect to the Detention and Road Improvements, the ISD License Assignment (which shall occur contemporaneously with the issuance of a notice to proceed for the Detention and Road Improvements) has occurred; (ii) all necessary permits for the initiation of construction of the applicable Public Improvements, or component thereof, as the case may be, pursuant to the respective plans therefor have been issued by all applicable Governmental Authorities; and (iii) the grading of the property on which the applicable Public Improvements, or component thereof, as the case may be, will be constructed has commenced.

“Complete Construction” or “Completion of Construction” shall mean, with respect to the Public Improvements (or a component thereof, including the Detention and Road Improvements), that the Director has determined that the Developer has completed construction thereof substantially in accordance with City Regulations and the Plans and Specifications so that the applicable Public Improvements, or component thereof, as the case may be, can be used and maintained for their intended purposes, and the City (or, with respect to the Playing Fields, the ISD) has accepted the applicable Public Improvements, or component thereof (and, with respect to the Fire Station, has issued a temporary certificate of occupancy therefor), and confirmed that Final Completion has been reached with respect to such the applicable Public Improvements, or component thereof.

“Detention and Road Improvements” shall mean the City Center PID Projects consisting of (i) the public improvements on that certain 10-acre tract that the ISD will convey to the City pursuant to the ISD Agreement, including a detention pond; and (ii) certain public road improvements adjacent to the School, including (a) a public roadway providing additional access to the School, and (b) a segment of an extension to Blackhawk Boulevard, all as depicted in Exhibit H to the Project and Financing Plan.

“Detention and Road Improvements Completion Deadline” shall have the meaning set forth in Section 3.4 of this Agreement.

“Developer Advances” shall mean any funds advanced by Developer for the City Center Non-PID Projects pursuant to Section 6.1 of this Agreement, expressly including, but not limited to, out-of-pocket expenses.

“Director” shall mean the director of the City’s Engineering Department, or his or her designee.

“Final Completion” shall mean the point in the construction of the Public Improvements (or a component thereof) when the City determines that the Public Improvements, or a component thereof, as the case may be, are completed, including punch list work.

“Fire Station” shall mean the City fire station within the Zone as set forth in the Project and Financing Plan in the location depicted in Exhibit H to the Project and Financing Plan or at such other location as may be mutually agreed by the City and the Developer.

“Fire Station Completion Deadline” shall have the meaning set forth in Section 3.4 of this Agreement.

“Force Majeure” shall mean any act that (i) materially and adversely affects the affected Party’s ability to perform the relevant obligations under this Agreement or delays such affected Party’s ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party’s fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. “Force Majeure” shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; (f) epidemics or pandemics where shut-down of commercial construction or the manufacturing of supplies relating thereto has been ordered by a Governmental Authority; and (g) actions or omissions of a Governmental Authority (including the actions of the City in its capacity as a Governmental Authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Applicable Law or failure to comply with City Regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (i) economic hardship; (ii) changes in market condition; (iii) any strike or labor dispute involving the employees of the Developer or any Affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (iv) during construction, weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; (v) the occurrence of any manpower, material or equipment shortages except as set forth in (f)

above; or (vi) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for Public Improvements.

“Form 1295” shall have the meaning set forth in Section 9.13 of this Agreement.

“Governmental Authority” shall mean any Federal, state or local governmental entity (including the City and any taxing authority) or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof), pursuant to the terms of this Agreement or by agreement of the Parties.

“ISD” shall mean the Clear Creek Independent School District.

“ISD Agreement” shall mean that certain Agreement to Convey Property and to License Property by and between the ISD and the City dated effective as of /_____/, 2024.

“ISD License” shall mean that certain license by the ISD to the City of certain real property owned by the ISD pursuant to the ISD Agreement to facilitate the installation of the Playing Fields.

“ISD License Assignment” shall mean the City’s assignment of the ISD License to the Developer pursuant to the ISD Agreement.

“Maximum 380 Grant Amount” shall mean the amount of \$1,250,000.

“Outside Contribution Date” shall have the meaning set forth in Section 9.11 of this Agreement.

“PID” shall mean the Friendswood City Center Public Improvement District created by the City pursuant to Resolution No. R2024-01, approved by the City Council on January 8, 2024.

“PID Bonds” shall have the meaning assigned to such term in the PID Agreement.

“Plans and Specifications” shall mean the designs, plans and specifications for the Public Improvements prepared by a consultant acceptable to the City and Developer at the direction of Developer and approved by the Director in accordance with Section 4.2 of this Agreement.

“Playing Fields” shall mean the filling in and grading of an existing detention site for use as playing fields on certain real property owned by the ISD and utilized for the School, which shall include hydromulching the site and installing thereon an irrigation system connected to the ISD’s existing water system.

“Project Costs” shall mean eligible “Project Costs” as defined in Section 311.002 of the Act relating to (i) the actual costs of planning, designing, acquiring, constructing and installing the City Center Non-PID Projects incurred by the Developer, whether before or after the date of this Agreement, including, but not limited to, the engineering, planning, accounting, architectural, legal fees and expenses, survey, testing, laboratory costs, any impact or capital recovery fees, land clearing and grading costs, advertising and other bidding costs, amounts due under construction contracts, and costs of labor and material of the Playing Fields and the portion of the Fire Station that will not be funded by PID Bonds or Assessments, the total estimated costs of which are set

forth in Exhibit B attached hereto, (ii) the Developer's financing costs, in an amount not to exceed the amount of the 380 Grant, relating to the Public Improvements, as set forth in Exhibit B attached hereto; and, if applicable, (iii) the actual costs of planning, designing, acquiring, constructing and installing the Public Improvements to the extent that these costs exceed the amount of such costs that have been or will be paid for or reimbursed from another funding source, either pursuant to the PID Agreement or otherwise, in an amount not to exceed the Additional Reimbursement Amount.

"Public Improvements" shall mean the public improvements within the Zone as set forth in the Project and Financing Plan, which include the City Center PID Projects and the City Center Non-PID Projects.

"Revenue Fund" shall mean the special fund established and funded by the City with payments made by the City which are attributable to the City Tax Increment.

"School" shall mean Brookside Intermediate School, which is operated by the ISD.

"Term" shall have the meaning set forth in Section 9.11 of this Agreement.

"TIRZ Cap" shall mean the lesser of (i) the amount generated by the City Tax Increment over the life of the Zone or (ii) the amount of \$100,000,000.

"TIRZ Contribution" shall mean the actual costs of the Project Costs, as defined herein, which shall be determined by adding together the following amounts: (i) an amount equal to the actual cost of the design and construction of the City Center Non-PID Projects; (ii) an amount equal to the 380 Grant; and (iii) if applicable, an amount equal to the Additional Reimbursement Amount; provided however, the TIRZ Contribution shall not exceed the lesser of (x) the amount of the Project Costs minus any amount paid for or reimbursed from another funding source, either pursuant to the PID Agreement or otherwise (as further provided in Section 6.4 of this Agreement), (y) the Available Tax Increment through the Outside Contribution Date, or (z) the TIRZ Cap.

1.2 Singular and Plural. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa.

ARTICLE 2 REPRESENTATIONS

2.1 Representations of City. The City hereby represents to Developer that as of the Effective Date:

A. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act).

B. The City has all requisite power and authority to execute this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby.

C. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the City and constitute legal, valid and binding obligations enforceable against the City in accordance with the terms subject to principles of governmental immunity and the enforcement of equitable rights.

D. The consummation by the City of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any of the terms of any agreement or instrument to which the City is a Party, or by which the City is bound, or of any provision of any Applicable Law.

E. No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the construction of or the Public Improvements or the City's payment and reimbursement obligations under this Agreement, or otherwise contesting the powers of the City or the authorization of this Agreement or any agreements contemplated herein.

F. The Public Improvements and the Project Costs are components of or are consistent with the Project and Financing Plan.

2.2 Representations of Zone Board. The Zone Board hereby represents to Developer that as of the Effective Date:

A. The Zone is duly authorized, created, and existing under the laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Agreement.

B. The Zone has the power, authority and legal right to enter into and perform this Agreement and the execution, delivery and performance hereof (i) have been duly authorized, (ii) to the best of its knowledge, will not violate any applicable judgment, order, law or regulation, and (iii) do not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of the Zone under any agreement or instrument to which the Zone is a party or by which the Zone or its assets may be bound or affected.

C. The Public Improvements and the Project Costs are components of or are consistent with the Project and Financing Plan.

D. This Agreement has been duly authorized, executed and delivered by the Zone and constitutes a legal, valid and binding obligation of the Zone, enforceable in accordance with its terms.

E. The execution, delivery and performance of this Agreement by the Zone do not require the consent or approval of any person which has not been obtained.

2.3 Representations of Developer. Developer hereby represents to the City and the Zone that as of the Effective Date:

A. Developer is duly authorized, created and existing in good standing under the laws of the State of Texas and is qualified to do business in the State of Texas.

B. Developer has the power, authority and legal right to enter into and perform its obligations set forth in this Agreement, and the execution, delivery and performance hereof (i) have been duly authorized, (ii) will not, to the best of Developer's knowledge, violate any judgment, order, law or regulation applicable to Developer or any provisions of Developer's formation documents, and (iii) do not constitute a default under or result in the creation of, any lien, charge, encumbrance or security interest upon any assets of Developer under any agreement or instrument to which Developer is a party or by which Developer or its assets may be bound or affected.

C. Developer will have sufficient capital to perform its obligations under this Agreement at the time it needs to have sufficient capital.

D. This Agreement has been duly authorized, executed and delivered and constitutes a legal, valid and binding obligation of Developer, enforceable in accordance with its terms.

E. No consent, approval, order or authorization of, or declaration or filing with any Governmental Authority is required on the part of the Developer in connection with the execution and delivery of this Agreement or for the performance of the transactions herein contemplated by the respective Parties hereto.

F. To the best knowledge of the Developer, after reasonable inquiry, there are no pending or, to the best knowledge of the Developer, threatened, judicial, municipal or administrative proceedings, consent decree or, judgments which might affect the Developer's ability to consummate the transaction contemplated hereby, nor is there a preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and there is no statute, rule, regulation, or executive order promulgated or enacted by a governmental entity, that is in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

G. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the knowledge of the Developer, threatened against or affecting the Developer, any of the principals of the Developer and any key person or their respective Affiliates and representatives which the outcome of which would (a) materially and adversely affect the validity or enforceability of, or the authority or ability of the Developer under, this Agreement to perform its obligations under this Agreement; or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Developer or on the ability of the Developer to conduct its business as presently conducted or as proposed or contemplated to be conducted. For purposes of this representation, "Affiliates" means any other person directly controlling, or directly controlled by or under direct common control with the Developer. As used in this definition, the term "control," "controlling" or "controlled by" shall mean the possession, directly, of the power either to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of the Developer, or (b) direct or cause the direction of management or policies of the Developer, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of the Developer or any affiliate of such lender.

ARTICLE 3 THE PROJECT

3.1 The Project. The Project shall be and include the design, development, construction, maintenance, management, use and operation of the Project pursuant to this Agreement and the PID Agreement.

3.2 Public Improvements. The Project will be developed simultaneously with the Public Improvements pursuant to the timing requirements agreed upon and set forth in Section 3.4 of this Agreement. The Public Improvements shall include all design, engineering, legal and other professional fees and expenses related to such Public Improvements and shall consist of the items described in the Plans and Specifications to be approved by the City Representative, Developer, and the Director. The estimated total amount of TIRZ Contribution associated with the City Center Non-PID Projects and the estimated costs of the line items comprising the City Center Non-PID Projects are set forth in Exhibit B attached hereto.

3.3 Additional Projects. This Agreement does not apply to any projects except the Project specifically defined herein unless this Agreement is amended to provide for the design and construction of additional projects.

3.4 Right to Terminate. Notwithstanding any other provision of this Agreement, the City and the Zone, in their sole and absolute discretion, shall have the right, upon thirty (30) days' prior written notice to Developer and subject to a reasonable opportunity to cure, to terminate this Agreement if: (a) Developer does not Commence Construction of the Playing Fields and the Detention and Road Improvements on or before the date that is one (1) year from the Effective Date; or (b) Developer does not Complete Construction of the Playing Fields and the Detention and Road Improvements on or before three (3) years from the Commencement of Construction of the Playing Fields and the Detention and Road Improvements (the "Detention and Road Improvements Completion Deadline"); or (c) Developer does not Commence Construction of the Fire Station on or before the date that is five (5) years from the Effective Date; or (d) Developer does not Complete Construction of the Fire Station on or before the date that is three (3) years from the Commencement of Construction of the Fire Station (the "Fire Station Completion Deadline"); or (e) Developer becomes insolvent, or all or a substantial part of Developer's assets are assigned for the benefit of its creditors, or a receiver or trustee is appointed for Developer. No change to the Detention and Road Improvements Completion Deadline may be made without the prior written approval of the City Representative and the Superintendent of the ISD. Upon the termination of this Agreement by the City and the Zone pursuant to this Section 3.4, all rights and obligations of the Parties shall terminate and be of no further force or effect, except for any provisions of this Agreement that specifically survive termination of this Agreement.

ARTICLE 4 DUTIES AND RESPONSIBILITIES OF DEVELOPER

4.1 Construction Manager. Developer will construct the Public Improvements in the course of development of the Project. Subject to and in consideration of the TIRZ Contribution, Developer agrees (a) to act as the construction manager of the Project, and as such, will construct the Public Improvements as described in the Plans and Specifications, and (b) to provide and furnish, or cause

to be provided and furnished, all materials and services as and when required in connection with the construction of the Public Improvements. Developer will obtain all necessary permits and approvals from the City and all other Governmental Authorities having jurisdiction, will provide supervision of all phases of construction of the Public Improvements, will provide periodic reports of such construction to the Director, and will cause the construction to be performed substantially in accordance with the Plans and Specifications.

4.2 Design of the Public Improvements. Developer shall prepare or cause to be prepared the Plans and Specifications for the Public Improvements and shall make appropriate recommendations to the Director. Prior to the Commencement of Construction of the Public Improvements, the Plans and Specifications must be approved by the Director and all other Governmental Authorities having jurisdiction (including, with respect to the Playing Fields and any portion of the Detention and Road Improvements located on real property owned by the ISD, the ISD), which approval(s) shall not be unreasonably withheld, conditioned or delayed.

4.3 Award of Construction Contracts. Developer shall review the Public Improvements contract documents to ensure that the contract documents are in accordance with the approved Plans and Specifications. The Director shall timely review and approve all such construction contract documents and proposed contractors prior to bidding; such approval shall not be unreasonably withheld, conditioned or delayed. If the Director proposes revisions to the construction contract, such revisions shall be reasonably acceptable to Developer. The construction of the Public Improvements (which will be funded in whole or in part from Assessments) is anticipated to be exempt from competitive bidding pursuant to Texas Local Government Code Section 252.022(a)(9) and/or Section 311.010(g) of the Act. In the event that the costs to construct the Public Improvements do not meet the parameters for exemption from the competitive bidding requirement, then either competitive bidding or an alternative delivery method may be utilized by the Developer as allowed by Applicable Law. Developer shall notify the Director of the award of the contracts and Commencement of Construction.

4.4 Construction and Implementation of the Public Improvements. Developer shall be responsible for the inspection and supervision of the construction and implementation of the Public Improvements in accordance with all applicable City Regulations and procedures. The Developer shall provide to the City copies of all change orders and pay estimates. Upon Completion of Construction of the Public Improvements, or any component thereof, as the case may be, the Developer shall provide the City with a final cost summary of all costs associated with such contract, a certificate of Completion of Construction of the Public Improvements, or component thereof, as the case may be, a maintenance bond, and evidence that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors.

4.5 Maintenance of the Public Improvements. Until such time as the Public Improvements, or a component thereof, as the case may be, are dedicated or conveyed to the City or other public entity responsible for maintenance thereof, Developer shall maintain or cause to be maintained the Public Improvements, including, but not limited to, maintenance of the landscaping including any existing trees; the payment of charges for water for irrigation purposes, if any; and maintaining the associated irrigation and electrical systems. Developer shall take all reasonable action required to protect trees from damage due to construction activities.

4.6 Tax Protests. During the Term, following completion of the Project, Developer shall not protest Harris Central Appraisal District's assessed taxable value of the Project or the taxable real property within the Zone. If Developer does not comply with this Section, the City, at its sole discretion, may suspend performance by the City hereunder and begin procedures to terminate this Agreement for default, and the Developer shall repay to the City all portions of the TIRZ Contribution paid to the Developer hereunder within thirty (30) days of receipt of an invoice from the City for such amount owed, and interest will accrue on any amounts not reimbursed by Developer within thirty (30) days of receipt of an invoice from the City at the rate of interest specified in Texas Government Code Section 2251.025.

4.7 Conveyance of Easements. Developer shall grant the City, at no cost, all required temporary construction and access easements necessary to maintain the Public Improvements. The City shall grant Developer, at no cost, all required temporary construction and access easements necessary to install and maintain the Public Improvements. The provisions of this Section 4.7 shall survive the expiration or termination of the Agreement.

4.8 Payment of Fees. In accordance with Section 6.01 of the PID Agreement, Developer agrees to pay to the City all fees charged pursuant to the City Regulations for development of the Project and the Public Improvements.

ARTICLE 5 DUTIES AND RESPONSIBILITIES OF THE CITY

5.1 TIRZ Contribution. The City shall pay to Developer the TIRZ Contribution in accordance with and subject to the terms and conditions of this Agreement, as more particularly described in and as provided by Article 6 hereof. The TIRZ Contribution shall be financed and funded in accordance with Article 6 hereof. In the event all or a portion of the Project Costs is determined to be ineligible under the Act or is inconsistent with the Project and Financing Plan, the TIRZ Contribution shall be reduced by the amount attributable to the ineligible component(s). If the City has already repaid the Developer for such ineligible Project Costs in accordance with this Agreement, the Parties hereby agree that (i) the amount repaid to the Developer by the City for such ineligible Project Costs shall be offset against future repayments by the City, or (ii) in the event there are not future repayments to be made by the City, or such amounts are insufficient, (x) the Developer shall reimburse the City for such amount owed within thirty (30) days of receipt of an invoice from the City, and (y) interest will accrue on any amounts not reimbursed by Developer within thirty (30) days of receipt of an invoice from the City at the rate of interest specified in Texas Government Code Section 2251.025.

ARTICLE 6 PROJECT FINANCING AND FUNDING

6.1 Developer Advances.

A. Developer, in its sole discretion, shall advance sufficient funds as such become due for all costs comprising the TIRZ Contribution including, without limitation, all costs of design, engineering, materials, labor, construction, and inspection arising in connection with the City Center Non-PID Projects, including all payments arising under any contracts entered into pursuant

to this Agreement, all costs incurred in connection with obtaining governmental approvals, certificates or permits required as a part of any contracts entered into in accordance with this Agreement, all related legal fees and out-of-pocket expenses incurred in connection therewith (each, a “Developer Advance”).

B. Developer may submit a request for payment of the TIRZ Contribution with respect to the Playing Fields upon Completion of Construction of the Playing Fields and the Detention and Road Improvements, provided that Completion of Construction of the Playing Fields and the Detention and Road Improvements occurs on or before the Detention and Road Improvements Completion Deadline. Developer may submit a request for payment of the TIRZ Contribution with respect to the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B, upon Completion of Construction of the Fire Station, provided that Completion of Construction of the Fire Station occurs on or before the Fire Station Completion Deadline. With each request for payment of the Project Costs of City Center Non-PID Projects for which Developer has achieved Completion of Construction hereunder, Developer shall deliver to the City the following items:

- (a) a written request for payment;
- (b) a summary of all Project Costs incurred to-date;
- (c) a summary of all Developer Advances as of the date of the request for payment;
- (d) evidence that all contractors, subcontractors, laborers, materialmen, architects, engineers and all other parties who have performed work on or furnished materials to-date have been paid in full, together with executed and delivered releases of lien or customary affidavits executed by such contractors;
- (e) a sworn affidavit executed by an officer authorized to bind the Developer, certifying that all contractors, subcontractors, laborers, materialmen, architects, engineers and all other parties who have performed work on or furnished materials to-date have been paid in full; and
- (f) a sworn affidavit executed by an officer authorized to bind the Developer, certifying that the Project Costs for which the Developer is seeking reimbursement from the TIRZ Contribution have not been paid from, and will not be reimbursed from, any funding sources other than Available Tax Increment, including but not limited to other funding sources under the PID Agreement.

C. Upon (i) Completion of Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, and (ii) Completion of Construction of the Fire Station on or before the Fire Station Completion Deadline, Developer may submit a request for payment of the TIRZ Contribution with respect to the 380 Grant. With the request for payment of the 380 Grant hereunder, Developer shall deliver to the City the items set forth in Section 6.1(B)(a)-(f), together with documentation evidencing the actual financing costs incurred by the Developer to construct the Public Improvements for which the Developer is seeking reimbursement from the TIRZ Contribution, and a certification that the

Developer has not sought or received reimbursement from the TIRZ Contribution for such costs pursuant to Section 6.1(B) with respect to the Playing Fields or the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B. The Parties understand and acknowledge that payment of the TIRZ Contribution with respect to the 380 Grant may only occur in the event that all other Project Costs for which the Developer is seeking reimbursement from the TIRZ Contribution have been paid.

D. If the Developer has satisfied all requirements set forth in Section 6.1(B) and (C) to receive payment of the TIRZ Contribution with respect to the Playing Fields, the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B, and the 380 Grant, then upon Completion of Construction of the Public Improvements, Developer may submit a request for payment of the TIRZ Contribution with respect to the Additional Reimbursement Amount. With the request for payment of the Additional Reimbursement Amount hereunder, Developer shall deliver to the City the items set forth in Section 6.1(B)(a)-(f) with respect to the excess Project Costs incurred by the Developer to construct the Public Improvements for which the Developer is seeking reimbursement from the TIRZ Contribution, together with documentation evidencing the actual excess Project Costs incurred by the Developer to construct the Public Improvements for which the Developer is seeking reimbursement from the TIRZ Contribution, and a certification that the Developer has not sought or received reimbursement from the TIRZ Contribution for such excess Project Costs under this Agreement or the PID Agreement or from any funding sources. The Parties understand and acknowledge that payment of the TIRZ Contribution with respect to the Additional Reimbursement Amount may only occur in the event that all other Project Costs for which the Developer is seeking reimbursement or payment from the TIRZ Contribution, including the 380 Grant, have been paid.

6.2 Tax Increment Revenue Bonds.

A. The City reserves the right to issue (or cause to be issued) one or more series of tax increment revenue bonds, which bonds will be secured by a pledge of all or part of the Revenue Fund, the proceeds of which may be used to repay all or part of the Developer Advances; provided that such tax increment revenue bonds shall be subordinate to the Assessments and Administrative Costs.

B. In the event that the City determines to issue tax increment revenue bonds pursuant to the foregoing section, Developer will provide such non-monetary aid and assistance to the City as may be reasonably requested by the City in order to facilitate the issuance of tax increment revenue bonds, such assistance to include providing requested documentation, entering into required agreements and executing certificates or other documentation as may be reasonably required by the City.

6.3 City Reimbursement from TIRZ Contribution.

A. Subject to the Developer's compliance with the conditions to reimbursement set forth in this Section, the City shall begin repaying the Developer Advances, and shall continue such repayment until repaid in full, on the earliest date that funds are available from the Available Tax Increment attributable to the Zone.

B. The City's obligation to pay the TIRZ Contribution is limited to the Available Tax Increment. The rights of Developer in and to the Available Tax Increment granted herein are subject only to (i) the rights of any holders of bonds, notes or other obligations that have been heretofore or are hereafter issued by the City that are payable from and secured by a general levy of ad valorem taxes throughout the taxing jurisdiction of the City, (ii) the rights of any of the holders of bonds and notes that are hereafter issued or incurred by the City and which are secured by a pledge of the Revenue Fund (including the PID Bonds), and (iii) the Administrative Costs of the City. The Developer Advances constitute a special obligation of the City payable solely from the Available Tax Increment as and to the extent provided in this Agreement. The Developer Advances do not give rise to a charge against the general credit or taxing powers of the City or any other taxing unit and is not payable except as provided in this Agreement. Developer and its successors and assigns shall not have the right to demand payment thereof out of any funds of the City other than the Available Tax Increment.

C. Beginning in the first calendar year following the calendar year in which the Developer Completes Construction of the Public Improvements, the City shall make annual payments to the Developer in the amount equal to the Available Tax Increment to reimburse outstanding Developer Advances on March 1 of each calendar year of the Term, provided that the City shall have no obligation to repay Developer Advances of (i) the Project Costs of the Playing Fields if the Developer does not Complete Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline or (ii) the Project Costs of the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B, if Developer does not Complete Construction of the Fire Station on or before the Fire Station Completion Deadline, (iii) the 380 Grant if the conditions in subsections (i) and (ii) hereof are not met, or (iv) the Additional Reimbursement Amount if the conditions in subsections (i) – (iii) hereof are not met.

D. Upon Completion of Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, delivery of a payment request from Developer in the first year following the year of Completion of Construction of the Playing Fields and the Detention and Road Improvements and the City's confirmation that the payment request meets the requirements of Section 6.1(B), at such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the City, at the Developer's expense, shall hire a certified public accountant to calculate the amount due the Developer from Available Tax Increment for the Project Costs of the Playing Fields and shall prepare and submit a report to the City Representative, certifying (1) the amount due from the Available Tax Increment for the Developer Advances being repaid and (2) that funds are available from Available Tax Increment to make such payment. Upon receipt of such report, the City shall promptly authorize payment to Developer for the Project Costs of the Playing Fields.

E. Upon Completion of Construction of the Fire Station on or before the Fire Station Completion Deadline, delivery of a payment request from Developer in the first year following the year of Completion of Construction of the Fire Station, and the City's confirmation that the payment request meets the requirements of Section 6.1(B), at such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the City, at the Developer's expense, shall hire a certified public accountant to calculate the amount due the Developer from Available Tax Increment for the Project Costs of the portion of the Fire Station that will not be

funded by PID Bonds or Assessments, as set forth on Exhibit B, and shall prepare and submit a report to the City Representative, certifying (1) the amount due from the Available Tax Increment for the Developer Advances being repaid and (2) that funds are available from Available Tax Increment to make such payment. Upon receipt of such report, the City shall promptly authorize payment to Developer for the Project Costs of the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B.

F. Upon (i) Completion of Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, (ii) Completion of Construction of the Fire Station on or before the Fire Station Completion Deadline, and (iii) delivery of a payment request from Developer with respect to the 380 Grant and the City's confirmation that the payment request meets the requirements of Section 6.1(C), at such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the City, at the Developer's expense, shall hire a certified public accountant to calculate the amount due the Developer from Available Tax Increment for payment of the 380 Grant and shall prepare and submit a report to the City Representative, certifying (1) the amount due from the Available Tax Increment for the Developer Advances being repaid, (2) that all amounts due from the Available Tax Increment under Sections 6.3(D)-(E) have been paid, and (3) that funds are available from Available Tax Increment to make such payment. Upon receipt of such report, the City shall promptly authorize payment to Developer of the 380 Grant.

G. Upon (i) Completion of Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, (ii) Completion of Construction of the Fire Station on or before the Fire Station Completion Deadline, (iii) delivery of a payment request from Developer with respect to the 380 Grant and the City's confirmation that the payment request meets the requirements of Section 6.1(C), and (iv) delivery of a payment request from Developer with respect to the Additional Reimbursement Amount and the City's confirmation that the payment request meets the requirements of Section 6.1(D), at such time as funds are available to pay all or any portion of the Developer Advances made hereunder, the City, at the Developer's expense, shall hire a certified public accountant to calculate the amount due the Developer from Available Tax Increment for payment of the Additional Reimbursement Amount and shall prepare and submit a report to the City Representative, certifying (1) the amount due from the Available Tax Increment for the Developer Advances being repaid, (2) that all amounts due from the Available Tax Increment under Sections 6.3(D)-(F) have been paid, and (3) that funds are available from Available Tax Increment to make such payment. Upon receipt of such report, the City shall promptly authorize payment to Developer of the Additional Reimbursement Amount.

6.4 Offsets. Developer agrees that it will seek reimbursement from the City for Project Costs eligible for payment from funding sources other than Available Tax Increment, including but not limited to other funding sources under the PID Agreement, to the maximum extent permitted by Applicable Law and/or by agreement. Project Costs reimbursable to Developer under this Agreement shall be reduced to the extent that such Project Costs are reimbursed to, or are contracted to be reimbursed to, Developer by the City from any funding sources other than Available Tax Increment, including but not limited to other funding sources under the PID Agreement, and the obligations of the City to reimburse Developer under this Agreement will be

decreased by the amount of the City's payments to the Developer from such other funding sources, including but not limited to other funding sources under the PID Agreement.

ARTICLE 7 INSURANCE, INDEMNIFICATION AND RELEASE

7.1 Insurance. With no intent to limit any contractor's liability or obligation for indemnification, Developer shall require that each contractor providing work or service on the Public Improvements provide and maintain certain insurance in full force and effect at all times during the construction of the Public Improvements and shall require that the City and the Zone are named as additional insureds under such contractor's insurance policies.

The insurance, at a minimum, must include the following coverages and limits of liability:

<u>Coverage</u>	<u>Limit of Liability</u>
Worker's Compensation	Statutory for Workers Compensation
Employer's Liability (each accident) (policy limit) (each employee)	Bodily Injury by Disease \$500,000 Bodily Injury by Accident \$100,000 Bodily Injury by Disease \$100,000
Commercial General Liability:	Each Occurrence Limit of \$1,000,000 Personal and Advertising Limit of \$1,000,000 General Aggregate Limit of \$2,000,000 Products - Completed Operations Aggregate Limit of \$2,000,000
Automobile Liability Insurance (for automobiles used by the contractor in the course of its performance under this Agreement including employer's non-owned and hired auto coverage)	\$1,000,000 combined single limit per occurrence
Professional Liability Coverage (for professional service contract only)	\$500,000 per occurrence \$1,000,000 aggregate

If the amount of any contract awarded by Developer to construct Public Improvements shall exceed \$1,000,000, Developer shall contract with the contractor to maintain Commercial General Liability coverage for at least twice the combined minimum limits specified above.

A. Form of Policies. The City may approve the form of the insurance policies, but nothing the City does or fails to do relieves Developer of its obligation to provide the required coverage under this Agreement. The City's actions or inactions do not waive the Zone's or the City's rights under this Agreement.

B. Issuers of Policies. The issuer of each policy shall be a carrier that is licensed and admitted to do business in the State of Texas by the Texas Department of Insurance or a legally established self-insurance pool in the State of Texas and has a Best's rating of at least A and a Best's Financial Size Category of Class VII or better, according to the most current edition Best Key Rating Guide, Property-Casualty United States.

C. Insured Parties. Each policy, except those for Workers' Compensation, Employer's Liability, and Professional Liability, must name the City and the Zone (and their respective officers, agents, and employees) as additional insured parties on the original policy and all renewals or replacements.

D. Deductibles. Developer shall be responsible for and bear (or shall contract with each applicable contractor to bear and assume) any claims or losses to the extent of any deductible amounts and waives (and shall contract with each contractor to waive) any claim it may have for the same against the City or the Zone, or their respective officers, agents, or employees.

E. Cancellation. Each policy must state that it may not be canceled, materially modified, or nonrenewed unless the insurance company gives the City thirty (30) days' prior written notice. Developer shall (and shall contract with each contractor to) give written notice to the City within five (5) days of the date on which total claims by any party against such person reduce the aggregate amount of coverage below the amounts required by this Agreement. In the alternative, the policy may contain an endorsement establishing a policy aggregate for the particular project(s) or location(s) subject to this Agreement.

F. Subrogation. Each policy must contain an endorsement to the effect that the issuer waives any claim or right of subrogation to recover against the City and the Zone, and their respective officers, agents, or employees.

G. Primary Insurance Endorsement. Each policy, except Workers' Compensation and Professional Liability (if any), must contain an endorsement that the policy is primary to any other insurance available to the additional insured with respect to claims arising under this Agreement.

H. Liability for Premium. Developer shall pay (or shall contract with contractors to pay) all insurance premiums for coverage required by this Section 7.1, and the City and the Zone shall not be obligated to pay any premiums.

I. Subcontractors. Notwithstanding the other provisions of this Section 7.1, the amount of coverage contracted to be provided by subcontractors shall be commensurate with the amount of the subcontract, but in no case less than \$500,000 per occurrence.

J. Proof of Insurance. Promptly after the execution of this Agreement and from time to time during the Term at the request of the City, Developer shall furnish the City with certificates of insurance maintained by Developer in accordance with this Section 7.1, along with an affidavit from Developer confirming that the certificates accurately reflect the insurance coverage maintained. Prior to Commencement of Construction of any Public Improvements hereunder, Developer shall provide (or shall contract with its contractors or subcontractors to provide) copies of the insurance certificates to the City, and within ten (10) days before expiration of coverage, Developer shall deliver (or contract with its contractors or subcontractors to deliver) copies of

renewal policies or certificates of insurance evidencing renewal and payment of premium. Developer shall maintain all current certificates of insurance on file with the City at all times during the Term until the Completion of Construction of all Public Improvements has occurred. If requested in writing by the City, Developer shall furnish the City Representative with certified copies of Developer's actual insurance policies. If Developer does not comply with the requirements of this Section 7.1, the City, at its sole discretion, may (1) suspend performance by the City and the hereunder and begin procedures to terminate this Agreement for default or (2) purchase the required insurance with City or Zone funds and deduct the cost of the premiums from amounts due to Developer under this Agreement. The City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

K. Other Insurance. If requested by the City, Developer shall furnish adequate evidence of social security and unemployment compensation insurance, to the extent applicable to Developer's operations under this Agreement.

7.2 Indemnification and Release.

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE ZONE BOARD AND THE CITY AND THEIR RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES (EACH, AN "INDEMNIFIED PARTY," AND COLLECTIVELY, THE "INDEMNIFIED PARTIES"), HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, FINES, PENALTIES, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM OR VIOLATIONS FOR WHICH RECOVERY OF DAMAGES, FINES, OR PENALTIES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS, THAT MAY ARISE OUT OF OR BE OCCASIONED BY DEVELOPER'S ACT OR OMISSION, INCLUDING BUT NOT LIMITED TO BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT, VIOLATIONS OF LAW, ANY ACT OR OMISSION, INCLUDING BUT NOT LIMITED TO ANY NEGLIGENT, GROSSLY NEGLIGENT, INTENTIONAL, OR STRICTLY LIABLE ACT OR OMISSION OF THE DEVELOPER, ITS OFFICERS, AGENTS, EMPLOYEES, INVITEES, CONTRACTORS OR SUBCONTRACTORS, AND THEIR RESPECTIVE OFFICERS, AGENTS, OR REPRESENTATIVES, OR ANY OTHER PERSONS OR ENTITIES FOR WHICH THE CONTRACTOR IS LEGALLY RESPONSIBLE IN THE PERFORMANCE OF THIS CONTRACT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF AN INDEMNIFIED PARTY. NEITHER THE ZONE BOARD NOR THE CITY WAIVES ANY GOVERNMENTAL IMMUNITY OR OTHER DEFENSES AVAILABLE TO IT UNDER TEXAS OR FEDERAL LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.

DEVELOPER AT ITS OWN EXPENSE IS EXPRESSLY REQUIRED TO DEFEND THE INDEMNIFIED PARTIES AGAINST ALL SUCH CLAIMS. EACH INDEMNIFIED PARTY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, THE INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND THAT INDEMNIFIED PARTY OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY THAT INDEMNIFIED PARTY PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF AN INDEMNIFIED PARTY'S WRITTEN NOTICE THAT THE INDEMNIFIED PARTY IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN THE REQUIRED TIME PERIOD, THE INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF AND DEVELOPER SHALL BE LIABLE FOR ALL COSTS INCURRED BY THE INDEMNIFIED PARTY.

7.3 RELEASE. DEVELOPER SHALL ALSO REQUIRE THAT EACH OF ITS CONTRACTORS INDEMNIFY THE INDEMNIFIED PARTIES FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND

LIABILITIES ARISING OUT OF SUCH CONTRACTOR'S WORK AND ACTIVITY RELATED TO THE PUBLIC IMPROVEMENTS.

7.4 Survival. The provisions of Sections 7.2 and 7.3 shall survive the expiration or termination of the Agreement.

ARTICLE 8 DEFAULT

8.1 Default.

A. Subject to notice and a reasonable opportunity to cure, in the event that Developer fails to (i) Commence Construction of the Playing Fields and the Detention and Road Improvements during the time period set forth in Section 3.4, or (ii) Complete Construction of the Playing Fields and the Detention and Road Improvements on or before the Detention and Road Improvements Completion Deadline, such failure shall be an event of default by Developer and, in addition to any other remedies available to the City or the Zone at law or in equity, the Developer shall release the City from the obligation to repay any Developer Advances with respect to the Project Costs of the Playing Fields.

B. Subject to notice and a reasonable opportunity to cure, in the event that Developer fails to (i) Commence Construction of the Fire Station during the time period set forth in Section 3.4, or (ii) Complete Construction of the Fire Station on or before the Fire Station Completion Deadline, such failure shall be an event of default by Developer and, in addition to any other remedies available to the City or the Zone at law or in equity, the Developer shall release the City from the obligation to repay any Developer Advances with respect to the Project Costs of the portion of the Fire Station that will not be funded by PID Bonds or Assessments, as set forth on Exhibit B.

C. In the event Developer completes the Project but does not otherwise perform its obligations hereunder as provided in Article 4 in substantial compliance with this Agreement, or does not perform any of its other obligations hereunder in compliance with this Agreement, in addition to the other rights given to the City and the Zone under this Agreement, and any other remedies available to the City or the Zone at law or in equity, the City and the Zone may enforce specific performance or seek actual damages incurred by the City and the Zone for any such default.

ARTICLE 9 GENERAL

9.1 Inspections, Audits. Developer agrees to keep such operating records relating to the Public Improvements as may be reasonably required by the City, or by Applicable Law. Developer shall allow the City reasonable access to documents and records in Developer's possession, custody or control that the City deems necessary to assist the City in determining Developer's compliance with this Agreement. Prior to the City's acceptance of the Public Improvements (or any component thereof), Developer shall tender such records to the City for retention in accordance with the Texas Local Government Records Act.

9.2 Developer Operations and Employees. All personnel supplied or used by Developer in the performance of this Agreement shall be deemed employees or subcontractors of Developer and

will not be considered employees, agents or subcontractors of the City for any purpose whatsoever. Developer shall be solely responsible for the compensation of all such personnel, for withholding of income, social security and other payroll taxes and for the coverage of all worker's compensation benefits.

9.3 Personal Liability of Public Officials. To the extent permitted by the laws of the State of Texas, no director, officer, employee or agent of the Zone, and no officer, employee or agent of the City, shall be personally responsible for any liability arising under or growing out of the Agreement.

9.4 Notices. Any notice sent under this Agreement (except as otherwise expressly required) shall be written and mailed, or sent by electronic transmission confirmed by mailing written confirmation at substantially the same time as such electronic transmission, or personally delivered to an officer of the receiving Party at the following addresses:

To the Zone: Reinvestment Zone Number One, City of Friendswood
c/o Director of Community Development
910 S. Friendswood Drive
Friendswood, Texas 77546
Email: citysecretary@friendswood.com

To the City: City Manager, City of Friendswood, Texas
910 S. Friendswood Drive
Friendswood, Texas 77546
Email: fwdcity@friendswood.com

To the Developer: Louis Tannos
Madison Development Corp., LLC
505 S. Friendswood Drive, Suite 119
Friendswood, Texas 77546
Email: ltannos@tannosgroup.com

With a copy to: Ross Martin
Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, Texas 75201
Email: rmartin@winstead.com

Each Party may change its address by written notice in accordance with this Section 9.4. Any communication addressed and mailed in accordance with this Section 9.4 shall be deemed to be given when so mailed, any notice so sent by electronic transmission shall be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person shall be deemed to be given when receipted for by, or actually received by, the Zone, the City, or Developer, as the case may be.

9.5 Amendments and Waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the Zone, the City, or Developer. No

course of dealing on the part of any Party, nor any failure or delay of any Party with respect to exercising any right, power or privilege of that Party under this Agreement shall operate as a waiver thereof, except as otherwise provided in this Section 9.5.

9.6 Invalidity. If any of the provisions contained in this Agreement shall be held unenforceable in any respect, such unenforceability shall not affect any other provision of this Agreement.

9.7 Successors and Assigns.

A. All covenants and agreements contained by or on behalf of the City and the Zone in this Agreement shall bind their successors and assigns and shall inure its rights and obligations under this Agreement or any interest herein, with the prior written consent of Developer, which consent shall not be unreasonably withheld, conditioned or delayed.

B. The Developer's obligations, requirements or covenants under this Agreement, including construction of the Public Improvements, may be assigned to any Affiliate of the Developer without the prior written consent of, but upon prior written notice to the City. The obligations, requirements or covenants of Developer under this Agreement, including construction of the Public Improvements, shall not be assigned to any non-Affiliate of the Developer without the prior written consent of the City Representative, which consent shall not be unreasonably withheld if the assignee demonstrates the financial ability to perform in the reasonable judgment of the City Representative. Each assignment shall be in writing and executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title or interests being assigned. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment, or from any obligation of the Developer that arose prior to the effective date of the assignment, unless the City approves the release in writing. Provided, further, any such assignee must specifically assume all of the obligations of Developer hereunder. If such assignment of the obligations by Developer hereunder is effective, Developer shall be deemed released from such obligations. If any assignment of the obligations by Developer hereunder is deemed ineffective or invalid, Developer shall remain liable hereunder. Provided, however, that notwithstanding the foregoing, the City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or make any representations with respect thereto. Developer shall maintain written records of all assignments made by Developer to the assignee, including a copy of each executed assignment and the assignee's notice information as required by this Agreement, and, upon written request from the City, any Party or assignee shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer or other conveyance of any interest in this Agreement. For purposes of this Section, "Affiliate" shall have the meaning assigned to such term in Section 2.3(G).

C. Developer may assign its right to receive funds pursuant to this Agreement, including assignment to a lender as collateral for the purpose of financing the Project, without the consent of, but upon prior written notice to the City. Provided, however, that notwithstanding the foregoing, the City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or make any representations with respect thereto.

D. The City shall not be required to acknowledge the receipt of any assignment by the Developer; however, to the extent the City does acknowledge receipt of any assignment pursuant to this Section, such acknowledgment does not evidence the City's agreement, acceptance or acknowledgment of the content of the assignment documents or any rights accruing thereunder; it is solely an acknowledgment of receipt of the notice via mail, express mail or electronic transmission.

E. The City does not and shall not consent to nor participate in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement.

9.8 Exhibits Titles of Articles, Sections and Subsections. The exhibits attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail. All titles or headings are only for the convenience of the Parties and shall not be construed to have any effect or meaning as to the agreement between the Parties hereto. Any reference herein to a Section or Subsection shall be considered a reference to such Section or Subsection of this Agreement unless otherwise stated. Any reference to any exhibit shall be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

9.9 Entire Agreement. THIS WRITTEN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

9.10 Term. Subject to earlier termination as provided in Section 3.4 of this Agreement, the term this Agreement (the "Term") shall be in force and effect from the Effective Date until the earlier of (i) the date that the TIRZ Contribution has been paid in full or (ii) December 31, 2053 (the "Outside Contribution Date"); provided, however, the obligation of Developer, or its successors, to maintain the Public Improvements in accordance with Section 4.5 of this Agreement and Section 4.7 of this Agreement shall survive until terminated by the City. If Developer does not Commence Construction of the Public Improvements within six (6) months of the Effective Date, then this Agreement shall terminate, and the City shall have no obligation to pay any portion of the TIRZ Contribution.

9.11 Approval by the Parties. Whenever this Agreement requires or permits approval or consent to be hereafter given by any of the Parties, the Parties agree that such approval or consent shall not be unreasonable withheld or delayed.

9.12 Notice and Cure Period.

(a) No breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) calendar days of the receipt of such notice (or thirty (30) calendar days in the case of a monetary default), with completion of performance within ninety (90) calendar days.

(b) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed by Force Majeure,

the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing Force Majeure events shall deliver written notice of the commencement of any such delay resulting from such Force Majeure event and the length of the Force Majeure event is reasonably expected to last not later than fourteen (14) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a Force Majeure event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article. The number of days a Force Majeure event is in effect shall be determined by the City based upon commercially reasonable standards.

9.13 State Law Requirements.

A. Form 1295. The Developer will provide a completed and notarized Form 1295 generated by the Texas Ethics Commission's electronic filing application in accordance with the provisions of Section 2252.908, Texas Government Code, as amended, and the rules promulgated by the Texas Ethics Commission ("Form 1295"), in connection with entry into this Agreement. Upon receipt of the Developer's Form 1295, the City agrees to acknowledge the Developer's Form 1295 through its electronic filing application. The City and the Developer understand and agree that, with the exception of information identifying the Developer and the contract identification number, the City is not responsible for the information contained in the Developer's Form 1295 and the City has not verified such information.

B. Iran, Sudan and Foreign Terrorist Organizations. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,

<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or

<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 9.12(B) shall survive termination of the Agreement until the statute of limitations has run.

C. Anti-Boycott Verification. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, will not boycott Israel during the Term. The foregoing verification is made solely to comply with

Section 2271.002, Texas Government Code. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 9.12(C) shall survive termination of the Agreement until the statute of limitations has run.

D. Petroleum. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the Term. The foregoing verification is made solely to enable the City to comply with such Section. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 9.12(D) shall survive termination of the Agreement until the statute of limitations has run.

E. Firearms. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the Term against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the City to comply with such Section. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association”: (a) means, with respect to the firearm entity or firearm trade association, to: (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (b) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association. As used in the foregoing verification, (a) “firearm entity” means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e.,

weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code), and (b) “firearm trade association” means a person, corporation, unincorporated association, federation, business league, or business organization that: (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual); (ii) has two or more firearm entities as members; and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 9.12(E) shall survive termination of the Agreement until the statute of limitations has run.

9.14 Governing Law. The Agreement shall be governed by the laws of the State of Texas without regard to any choice of law rules; and venue for any action concerning this Agreement shall be in the State District Court of Harris County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

9.15 No Arbitration. Notwithstanding anything to the contrary contained in this Agreement, the Parties hereby agree that no claim or dispute between the Parties arising out of or relating to this Agreement shall be decided by any arbitration proceeding including, without limitation, any proceeding under the Federal Arbitration Act (9 U.S.C. Sections 1 - 14), or any applicable State arbitration statute, including, but not limited to, the Texas General Arbitration Act, provided that in the event the City or the Zone Board is subjected to an arbitration proceeding notwithstanding this provision, the Developer consents to be joined in the arbitration proceeding if the Developer’s presence is required or requested by the City or the Zone Board for complete relief to be recorded in the arbitration proceeding.

9.16 Additional Actions. The Parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may be necessary or appropriate, from time to time, to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out said terms, provisions and intent.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be duly executed as of the ____ day of _____, 2024.

REINVESTMENT ZONE NUMBER ONE, CITY OF HOUSTON, TEXAS	CITY OF FRIENDSWOOD, TEXAS
By: _____ Mike Foreman Chair of the Board of Directors	By: _____ Morad Kabiri City Manager
ATTEST: By: _____ Name: _____ Title: _____	ATTEST: By: _____ Leticia Brysch City Secretary
	APPROVED AS TO FORM: By: _____ Karen L. Horner City Attorney

**MADISON DEVELOPMENT CORP.,
LLC, a Texas limited liability company**

By:_____

Name: Louis Tannos

Title: Managing Member

EXHIBIT A

Description of the Zone



METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 124.612 acres (5,428,103 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being all of a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. RP-2023-65754; being all of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598262; being out of and a part of a called 28.9270 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598260; being all of a called 1.2603 acre tract of land conveyed to City of Friendswood as described by deed recorded under H.C.C.F. No. 20120071426; being out of and a part of Townes Road (80' right-of-way (R.O.W.)); being out of and a part of Blackhawk Boulevard (100' R.O.W.); being out of and a part of F.M. 528 (120' R.O.W.); being out of and a part of West Bay Area Boulevard (100' R.O.W.); being out of and a part of Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.); said 124.612 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly R.O.W. line of F.M. 528 and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 09°41'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 08°51'00" West, over and across said F.M. 528, a distance of 120.00 feet to the southerly end of a cutback line at the northwest corner of the intersection of said F.M. 528 and Townes Road;

THENCE, North 36°33'39" East, along said cutback line, a distance of 21.34 feet to the northerly end of said cutback line at the curved westerly R.O.W. line of said Townes Road;

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phone 281.648.3131 | fax 281.648.3737 | e-mail christian@boundaryone.com
T.B.P.L.S. Firm No. 10084800



METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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THENCE, Northerly, an arc distance of 120.00 feet along said westerly R.O.W. line and a curve to the left, having a radius of 543.00 feet, a central angle of $12^{\circ}39'44''$, and a chord which bears North $15^{\circ}12'40''$ West, 119.76 feet to an angle point;

THENCE, North $68^{\circ}27'28''$ East, over and across said Townes Road, a distance of 80.00 feet to the curved easterly R.O.W. line of Townes Road;

THENCE, Southerly, an arc distance of 138.66 feet along said easterly R.O.W. line and a curve to the right, having a radius of 623.00 feet, a central angle of $12^{\circ}45'09''$, and a chord which bears South $15^{\circ}09'57''$ East, 138.38 feet to the northerly end of a cutback line at the northeast corner of the intersection of said F.M. 528 and Townes Road;

THENCE, South $53^{\circ}47'23''$ East, along said cutback line, a distance of 20.00 feet to the southerly end of said cutback line at the northerly R.O.W. line of said F.M. 528;

THENCE, South $08^{\circ}51'00''$ East, over and across said F.M. 528, a distance of 120.00 feet to the southerly R.O.W. line of F.M. 528;

THENCE, North $81^{\circ}12'37''$ East, along said southerly R.O.W. line, a distance of 1,131.34 feet to an angle point;

THENCE, North $08^{\circ}47'23''$ West, over and across said F.M. 528, a distance of 120.00 feet to the southerly end of a cutback line at the northwest corner of the intersection of said F.M. 528 and Blackhawk Boulevard;

THENCE, North $36^{\circ}12'37''$ East, along said cutback line, a distance of 20.00 feet to the northerly end of said cutback line at the westerly R.O.W. line of said Blackhawk Boulevard;

THENCE, North $08^{\circ}47'23''$ West, along said westerly R.O.W. line, a distance of 180.00 feet to an angle point;

THENCE, North $81^{\circ}12'37''$ East, over and across said Blackhawk Boulevard, a distance of 100.00 feet to the easterly R.O.W. line of Blackhawk Boulevard;

THENCE, South $08^{\circ}47'23''$ East, along said easterly R.O.W. line, a distance of 180.00 feet to the northerly end of a cutback line at the northeast corner of the intersection of said F.M. 528 and Blackhawk Boulevard;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,320,448 SQ. FT.)
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THENCE, South 53°47'23" East, along said cutback line, a distance of 20.00 feet to the southerly end of said cutback line at the northerly R.O.W. line of said F.M. 528;

THENCE, South 08°47'23" East, over and across said F.M. 528, a distance of 120.00 feet to the southerly R.O.W. line of F.M. 528;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, a distance of 403.47 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of said 28.9270 acre tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and along the common line of said 28.9270 acre tract and said 106.472 acre tract, a distance of 1,109.36 feet to an angle point;

THENCE, North 81°12'37" East, over and across said 28.9270 acre tract, a distance of 917.54 feet to an angle point;

THENCE, North 00°56'05" West, continuing over and across said 28.9270 acre tract, a distance of 18.06 feet to an angle point;

THENCE, North 08°47'24" West, continuing over and across said 28.9270 acre tract, a distance of 156.86 feet to an angle point;

THENCE, North 68°47'23" West, continuing over and across said 28.9270 acre tract, a distance of 30.04 feet to an angle point;

THENCE, North 46°12'37" East, continuing over and across said 28.9270 acre tract, a distance of 105.00 feet to the westerly R.O.W. line of said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682;

THENCE, South 08°47'24" East, along said westerly R.O.W. line, a distance of 236.23 feet to an angle point;

THENCE, South 00°56'05" East, continuing along said westerly R.O.W. line, a distance of 116.17 feet to an angle point;

THENCE, South 14°46'31" West, continuing along said westerly R.O.W. line, at 85.85 feet passing the easterly common corner of said 28.9270 acre tract and said 10.0000 acre tract, continuing in all for a total distance of 116.17 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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THENCE, South 30°29'10" West, continuing along said westerly R.O.W. line, a distance of 116.17 feet to an angle point;

THENCE, South 38°20'29" West, continuing along said northwesterly R.O.W. line, a distance of 568.63 feet to an angle point;

THENCE, South 58°42'02" East, over and across said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), a distance of 190.71 feet to the most northerly corner of the aforesaid 1.2603 acre tract;

THENCE, South 58°44'41" East, along a northeasterly line of said 1.2603 acre tract, a distance of 308.78 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking an angle point;

THENCE, South 70°03'17" East, along a northeasterly line of said 1.2603 acre tract, a distance of 101.98 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking an angle point;

THENCE, South 58°44'41" East, along a northeasterly line of said 1.2603 acre tract, a distance of 200.02 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found on the northwesterly R.O.W. line of said West Bay Area Boulevard (100 feet wide) and marking an angle point;

THENCE, North 22°12'52" East, along said northwesterly R.O.W. line, a distance of 30.00 feet to an angle point;

THENCE, South 67°47'08" East, over and across said West Bay Area Boulevard, a distance of 100.00 feet to the southeasterly R.O.W. line of West Bay Area Boulevard;

THENCE, South 22°12'52" West, along said southeasterly R.O.W. line, a distance of 375.00 feet to an angle point;

THENCE, North 67°47'08" West, over and across said West Bay Area Boulevard, a distance of 100.00 feet to the northwesterly R.O.W. line of West Bay Area Boulevard;

THENCE, North 22°12'52" East, along said northwesterly R.O.W. line, a distance of 243.74 feet to a 5/8-inch iron rod with cap stamped "SUN SURVEYING" found marking the most southerly corner of said 1.2603 acre tract and for the most easterly corner of Lots 10 and 11, Block 1, AUTUMN CREEK SECTION NINE, a subdivision plat of record at Film Code No. 497014, H.C.M.R.;

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124.612 ACRES (5,428,103 SQ. FT.)
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THENCE, North 58°44'41" West, departing said northwesterly R.O.W. line and along the common line of said 1.2603 acre tract and Lots 9 and 10, Block 1, AUTUMN CREEK SECTION NINE, a distance of 634.66 feet to a 3/4-inch iron rod found marking the most westerly corner of said 1.2603 acre tract;

THENCE, North 58°42'02" West, over and across said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), a distance of 190.70 feet to the southeast line of the aforesaid 10.0000 acre tract;

THENCE, South 38°20'29" West, along said southeast line and northwesterly R.O.W. line of said Harris County Flood Control District Unit No. A114-00-00 (190' R.O.W.), at 502.52 feet passing a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.000 acre tract and said 106.472 acre tract, continuing in all for a total distance of 1,380.50 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLS, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

- North 21°17'29" West, a distance of 80.86 feet to an angle point;
- North 04°22'12" West, a distance of 216.80 feet to an angle point;
- North 32°41'57" West, a distance of 184.39 feet to an angle point;
- North 51°06'03" West, a distance of 159.93 feet to an angle point;
- North 74°03'08" West, a distance of 164.71 feet to an angle point;
- South 48°02'49" West, a distance of 44.69 feet to an angle point;
- North 73°53'13" West, a distance of 47.50 feet to an angle point;
- South 49°24'27" West, a distance of 89.87 feet to an angle point;
- North 75°14'40" West, a distance of 40.66 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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South 43°53'50" West, a distance of 146.10 feet to an angle point;
South 25°05'22" West, a distance of 134.50 feet to an angle point;
South 83°33'17" West, a distance of 49.30 feet to an angle point;
South 21°22'27" West, a distance of 73.69 feet to an angle point;
North 77°09'16" West, a distance of 62.96 feet to an angle point;
South 59°48'42" West, a distance of 48.72 feet to an angle point;
North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;

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METES AND BOUNDS DESCRIPTION
124.612 ACRES (5,428,103 SQ. FT.)
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North 27°29'30" East, a distance of 63.48 feet to an angle point;

North 19°02'35" East, a distance of 103.93 feet to an angle point;

North 14°38'12" East, a distance of 53.72 feet to an angle point;

North 13°22'21" West, a distance of 9.00 feet to an angle point;

North 15°04'35" East, a distance of 70.83 feet to an angle point;

North 31°32'46" West, a distance of 52.49 feet to an angle point;

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

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METES AND BOUNDS DESCRIPTION
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THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 124.612 acres (5,428,103 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.L.S Firm No. 10084800
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November 2, 2023



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EXHIBIT B

Project Costs

City Center Non-PID Projects

Item	Cost
Fire Station ¹	\$7,267,480
Playing Fields ²	\$99,000
380 Grant	\$1,250,000
Total	\$8,616,480

In addition to the foregoing, the Developer may be eligible to receive the Additional Reimbursement Amount, in an amount not to exceed the amount of Available Tax Increment, if any, remaining in the Revenue Fund, after (i) all Project Costs of the City Center Non-PID Projects and (ii) the 380 Grant have been repaid in full from the TIRZ Contribution, for any excess Project Costs that have not been and will not be paid for or reimbursed from another funding source, either pursuant to the PID Agreement or otherwise, if the Developer satisfies the terms and conditions required to receive such Additional Reimbursement Amount, subject to the TIRZ Cap.

¹ The total estimated cost of the Fire Station is \$8,300,000. Partial funding of the Fire Station in the amount of \$1,032,270 will be provided through the PID.

² The scope of work for the Playing Fields shall consist of the filling in and grading of an existing detention site for use as playing fields on certain real property owned by the ISD, which shall include hydromulching the site and installing thereon an irrigation system connected to the ISD's existing water system.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/11/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider authorizing the License Assignment Agreement with Madison Development Corp., LLC, to make certain improvements to property owned by the Clear Creek Independent School District.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The proposed License Assignment Agreement with Madison Development Corp., LLC. (the "Developer") assigns to the Developer the City's license to access and use certain property owned by the Clear Creek Independent School District (the "District") in order for the Developer to:

- a. fill in and grade the detention site located thereon;
- b. develop additional playing field space for the District's use thereon;
- c. remove any debris resulting from such activity; and
- d. perform any other activities ancillary thereto.

The License Assignment Agreement will be effective once the City Manager or his designee issues a notice to proceed to the Developer to commence improvements on the District's property and will expire one year thereafter, unless extended by the District.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. ISD Property License Assignment Agreement
2. Exhibit A - Property Conveyance and License Agreement -- CCISD and City of Friendswood(10392645.13)

License Assignment Agreement

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This License Assignment Agreement (this "License Assignment") is made by and between Madison Development Corp., LLC, a Texas limited liability company (the "Developer"), and the City of Friendswood, a Texas municipal corporation located in Galveston and Harris Counties, Texas (the "City"), and will become effective upon the License Commencement Date (as defined herein).

WITNESSETH:

WHEREAS, the City and Clear Creek Independent School District (the "District") are entering into that certain Agreement to Convey Property and to License Property attached hereto as Exhibit "A" and incorporated herein for all intents and purposes (the "Agreement"), by which, *inter alia*, the District will license certain property specified therein (the "Licensed Property") to the City to facilitate the development of certain public improvements by the Developer; and

WHEREAS, pursuant to the Agreement, the City is to assign the license contained in the Agreement to the Developer in order for the Developer to perform the Developer's Obligations (as defined in the Agreement) on the Licensed Property and to abide by all obligations of the Licensee (as defined in the Agreement) as enumerated in the Agreement; and

WHEREAS, the Developer has agreed to perform the Developer's Obligations pursuant to that certain TIRZ Development Agreement by and among (i) Reinvestment Zone Number One, City of Friendswood, (ii) the City, and (iii) the Developer; and

WHEREAS, the Developer and the City desire to enter into this License Assignment, which will become effective on the date the City issues a notice to proceed to the Developer to commence construction of the Developer's Obligations (the "License Commencement Date");

NOW THEREFORE, in consideration of the mutual covenants, agreement and benefits to both parties, it is agreed as follows:

1. *License Assignment and Assumption.* On the License Commencement Date, the City hereby assigns all of the rights and obligations of the Licensee under the Agreement to the Developer, and the Developer hereby consents to such assignment and agrees to assume all of the rights and obligations of the Licensee, including the performance of the Developer's Obligations and compliance with the terms and conditions of the Agreement pertaining to the Licensee, including but not limited to the conditions set forth in Section 1.2 of the Agreement and the requirements of Articles 3, 4 and 6 of the Agreement. Notwithstanding anything to the contrary herein, the City reserves for itself the right and authority to require strict compliance with all terms and conditions of the Agreement in connection with the Developer's performance of the Developer's Obligations.
2. *Further Assurances.* The Developer and the City shall execute such additional agreements as may be reasonably necessary to reflect the foregoing assignment and assumption of obligations between the parties hereto.

3. *Notice.* Any notice required to be given to the Developer pursuant to the terms and provisions of this License Assignment and the Agreement shall be in writing and mailed by certified or registered mail, addressed as set forth below or at such other address as may be specified by written notice:

Developer: Louis Tannos
Madison Development Corp., LLC
505 S. Friendswood Drive, Suite 119
Friendswood, Texas 77546

With a copy to: Ross Martin
Winstead PC
2728 N. Harwood Street, Suite 500
Dallas, Texas 75201

4. *Severability.* All parties agree that should any provision of this License Assignment be determined to be invalid or unenforceable, such determination shall not affect any other term of this License Assignment or the Agreement, which shall continue in full force and effect.
5. *Entire Agreement.* The provisions of this License Assignment and the provisions of the Agreement should be read together and construed as one agreement provided that in the event of any conflict or inconsistency between the provisions of this License Assignment and the provisions of the Agreement, the provisions of this License Assignment shall control.
6. *Ambiguities.* In the event of any ambiguity in any of the terms of this License Assignment or the Agreement, it shall not be construed for or against any party hereto on the basis that such party did or did not author the same.
7. *Agreement Read.* The parties acknowledge that they have read, understand and intend to be bound by the terms and conditions of this License Assignment.
8. *Authority.* Each party has the full power and authority to enter into and perform this License Assignment, and the person signing this License Assignment on behalf of each party has been properly authorized and empowered to enter into this License Assignment.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple copies, each of which shall be deemed to be an original, but all of which shall constitute but one and the same Agreement, which will be effective on the License Commencement Date.

MADISON DEVELOPMENT CORP., LLC

CITY OF FRIENDSWOOD, TEXAS

By: _____
Name: Louis Tannos
Title: Managing Member

By: _____
Name: Morad Kabiri
Title: City Manager

Exhibit "A"

AGREEMENT TO CONVEY PROPERTY AND TO LICENSE PROPERTY BY AND BETWEEN THE CLEAR CREEK INDEPENDENT SCHOOL DISTRICT AND THE CITY OF FRIENDSWOOD, TEXAS

This Agreement to Convey Property and to License Property (this "Agreement") is made and entered into on the _____ day of _____, 2024 (the "Effective Date") by and between Clear Creek Independent School District, a political subdivision of the State of Texas (the "ISD"), and the City of Friendswood, Texas, a Texas home-rule municipal corporation located in Harris and Galveston Counties, Texas (the "City" or the "Licensee"). The ISD and the City are herein collectively referred to as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, contemporaneously with the execution of this Agreement, the ISD is granting and conveying to the City (i) that certain tract of land consisting of approximately 10 acres near Brookside Intermediate School (the "School") and generally described in Exhibit "A" attached hereto and incorporated herein by reference (the "Fee Property") pursuant to a Special Warranty Deed in substantially the form attached hereto as Exhibit "A-1" (the "Deed"), and (ii) an easement for electrical facility purposes along a portion of the ISD's property consisting of that certain 1.076-acre easement area generally described in Exhibit "B" attached hereto and incorporated herein by reference pursuant to an Electric Easement in substantially the form attached hereto as Exhibit "B-1" (the "Electric Easement"); and

WHEREAS, in consideration of the conveyance by the ISD of the Deed and Electric Easement, the City anticipates entering into a TIRZ Development Agreement (the "TIRZ Agreement") with Reinvestment Zone Number One, City of Friendswood, and Madison Development Corp., LLC, a Texas limited liability company (the "Developer"), pursuant to which the Developer will (i) construct certain public roadway improvements adjacent to the ISD's property and certain public detention pond facilities on the Fee Property, and (ii) fill in and grade a detention site and develop playing fields on that certain property currently maintained by the ISD for detention purposes and depicted and labeled as "New Play Field" in Exhibit "C" hereto (the "Licensed Property"), all as further described in Section 1 hereof; and

WHEREAS, in connection with the Developer's construction activities on the Licensed Property, the ISD desires to grant to the City, as Licensee, a license to cause the performance of certain activities thereon (as further specified in Section 2.5 hereof, the "Permitted Use") subject to the terms and conditions stated herein;

NOW, THEREFORE, the ISD and the City, in consideration of the promises, covenants, and conditions, hereby mutually agree as follows:

1. TERMS OF CONVEYANCE OF FEE PROPERTY AND ELECTRIC EASEMENT.

- 1.1 *Effective Date of Conveyances.* Contemporaneously with the execution of this Agreement, the ISD shall execute and deliver to the City the Deed and the Electric

Easement, in substantially the forms attached hereto as Exhibits “A-1” and “B-1”, respectively, each of which shall be dated as of the Effective Date.

1.2 *Developer’s Construction of Certain Public Improvements.* Subject to the City contracting with the Developer for the construction thereof pursuant to the TIRZ Agreement, the City agrees to cause Developer to complete construction of the following improvements no later than three (3) years following the License Commencement Date, as that term is defined in Section 2.8 (the “Completion Deadline”): (i) detention improvements on the Fee Property that will provide detention for the School based upon applicable detention requirements; (ii) additional playing field space for the ISD’s use on the Licensed Property; and (iii) certain road improvements, including (a) a public roadway owned and maintained by the City and providing additional access to the School, and (b) an extension to Blackhawk Boulevard adjacent to the ISD’s property; all as generally described in Exhibit “D,” attached hereto and incorporated herein by reference (collectively, the “Developer’s Obligations”), in accordance with the following provisions:

- a. The date on which all of Developer’s Obligations have been substantially completed in accordance with the terms of this Agreement, the TIRZ Agreement, and all applicable legal requirements, including acceptance of all detention and roadway improvements by the City and acceptance of the additional playing field space by the ISD, shall be the “Completion Date.”
- b. The City’s ability to extend the Completion Deadline pursuant to the TIRZ Agreement shall be expressly conditioned upon the ISD’s written approval of the extension time therefor.
- c. The Parties hereby agree to execute any mutually acceptable documents as may be necessary or desired to further memorialize such Developer’s Obligations.

2. LICENSE AND PERMITTED USE OF THE LICENSED PROPERTY.

2.1 *License.* Subject to the terms and conditions contained herein, the ISD hereby grants to the Licensee, for its non-exclusive use, the privilege, license, and authority to use the Licensed Property for only the Permitted Use specified in Section 2.5 hereinbelow (the “License”). The License is expressly contingent upon the Licensee’s strict adherence with all terms and conditions contained herein.

2.2 *Right of Access.* The ISD reserves the right to enter upon and have access to any portion of the Licensed Property at any and all times on any matters relating to this Agreement or any other public purpose.

2.3 *Subordination.* The License granted pursuant to Section 2.1 is made subordinate to the right of the ISD to use the Licensed Property for a public purpose. It is understood and agreed that should the ISD deem it in the public interest to use the above area, or a portion thereof, for any public purpose, then in that event, the ISD shall give the Licensee thirty (30) days’ advance written notice of the termination

of the License. The determination by the Superintendent of the ISD as to the public necessity of the use of the Licensed Property shall be final and binding upon the ISD and the Licensee.

2.4 *No Property Right Granted.* The License granted pursuant to Section 2.1 does not establish any real property rights, franchises, or other rights whatsoever in the Licensed Property. This Agreement provides limited rights to use and limited rights for access to the Licensed Property, subject to revocation upon the terms and conditions of this Agreement.

2.5 *Permitted Use.* Throughout the term hereof and subject to the conditions specified herein, the Licensee shall use the Licensed Property only for the following Permitted Use:

- a. to fill in and grade the detention site located thereon;
- b. to develop additional playing field space for the ISD's use thereon;
- c. to remove any debris resulting from such activity; and
- d. to perform any other activities ancillary thereto.

Such uses shall be permitted only if, prior to the Licensee accessing the Licensed Property, it provides or causes its contractor to provide a certificate of insurance to the ISD meeting the requirements contained in Section 6.6 hereinbelow. Any use of the Licensed Property not specified in this Section 2.5 or prior to the ISD's acceptance of the insurance certificate required herein is expressly prohibited and shall constitute an Event of Default.

2.6 *Limitation of Use.* If, at any time during the term of the License following the License Commencement Date, the Licensee fails to use or ceases using the Licensed Property for the purpose specified in Section 2.5 for a period of 180 consecutive days, such cessation of use shall constitute an Event of Default. This section shall not apply to a cessation of use requested by the ISD.

2.7 *Non-Permitted Uses.* The Licensee understands and agrees that nothing shall be erected on, over or above the Licensed Property.

2.8 *Term of Agreement and Term of License; Commencement of Certain Requirements.*

- a. The term of this Agreement will commence on the Effective Date and will terminate on the later to occur of (i) the Completion Date and (ii) the termination of the License.
- b. On or after the Effective Date, the City shall assign its interest in this License to the Developer, subject to the terms and conditions set forth in the Developer Agreement and this Agreement (the "License Assignment"). The term of the License granted herein will commence upon the date of the

City's issuance to the Developer of a notice to proceed to commence construction of the Developer's Obligations, as set forth in the License Assignment ("License Commencement Date"), and will terminate on the date that is twelve (12) months from the License Commencement Date, unless extended in writing by the Superintendent of the ISD or sooner terminated as provided in this Agreement.

- 2.9 *Effectiveness of Articles 3, 4, and 6; Obligations of Licensee following License Assignment.* Articles 3, 4, and 6 shall only become effective upon the License Assignment, and the City shall cause the Developer, as Licensee pursuant to the License Assignment, to comply with such requirements as a condition of such assignment. All references to "Licensee" in such Articles shall be deemed references to the Developer and not to the City, and all references in this Agreement to obligations of the Licensee during the term of the License shall be deemed obligations of the Developer and not the City.

3. NO LIEN.

- 3.1 The Licensee shall not place or allow any other person or entity to place a lien against the Licensed Property.
- 3.2 In the event that a lien is filed against the Licensed Property for work completed by a contractor or subcontractor of the Licensee, the Licensee shall immediately use its best effort to remove such lien within ten (10) days after the lien is placed on the Licensed Property. In the event that a lien remains on the Licensed Property after the expiration of ten (10) days, the Licensee shall execute a bond for the sum of one hundred percent (100%) of the total lien amount, on standard forms for this purpose, guaranteeing that such lien shall be released from the Licensed Property. Such bond must be submitted to and approved by the ISD in order for the Licensee to be in compliance with this provision. In no event shall the Licensee have the right, authority or power to bind the ISD or any interest of the ISD in the Licensed Property for any claim for labor or material or for any other charge or expense incurred by the Licensee in furtherance of the uses specified herein.

4. TERMINATION OF LICENSE.

- 4.1 *Termination for Cause.* On or after the License Commencement Date, the License may be terminated by the ISD for cause for an Event of Default or a violation of any provision of this Agreement, which is not cured by the Licensee within ten (10) days after receiving written notice of the Event of Default or violation. In the event the ISD terminates the License for cause, the Licensee shall remove all debris on the Licensed Property and shall restore the Licensed Property to a safe, sanitary condition acceptable to the ISD. Should the Licensee fail to do so, the ISD shall have the right to do so and shall assess the costs thereof plus an administrative fee of 10% of such cost to the Licensee. The Licensee shall pay the costs and the fee within thirty (30) days of receiving an invoice therefor. Failure to timely pay the invoiced amount shall constitute an Event of Default and interest at the rate of

twelve percent (12%) per annum or the maximum rate permitted by law shall accrue on the delinquent amount until paid.

- 4.2 *Effect of Termination.* The License granted herein shall become null and void upon termination; provided, however, that the obligations of the Licensee pursuant to Sections 3.1 and 3.2 shall remain in effect until fully performed.

5. CONDITIONS.

- 5.1 *Compliance with Law.* This Agreement is subject to all applicable state, local and federal laws and regulations, including the provisions of the Charter of the City of Friendswood as it now exists or as it may hereafter be adopted or amended and the ordinances of the City of Friendswood now in effect or those which may hereafter be passed, adopted, or amended.
- 5.2 *Permits Required.* In performing any activities pursuant to the License, the Licensee must apply for and receive any necessary permits from the Community Development Department, Public Works Department, or other pertinent City boards or departments.
- 5.3 *Funding of Developer's Obligations.* The Parties understand and agree that the City has no funding for the Developer's Obligations hereunder and is wholly relying on the Developer for the performance of such obligations pursuant to (i) the TIRZ Agreement and (ii) that certain Friendswood City Center Development Agreement between the City and the Developer dated as of January 22, 2024.

6. INDEMNIFICATION, RELEASE, AND INSURANCE.

- 6.1 *Assumption of Risk.* By using the Licensed Property, the Licensee accepts the Licensed Property in the condition existing as of the License Commencement Date. The ISD makes no representation or warranty with respect to the condition of the Licensed Property, and the ISD shall not be liable for any latent or patent defect on the Licensed Property. Licensee undertakes and assumes for its officers, agents, contractors and subcontractors, employees, assigns and the public (collectively "Licensee" for the purpose of this Article 6), all risk of dangerous conditions, whether patent or latent, obvious, or undiscoverable, and regardless of whether the ISD should have known of such dangerous conditions, if any, on or about the Licensed Property.

6.2 INDEMNIFICATION.

THE LICENSEE AGREES TO AND SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE ISD, THE CITY, AND THEIR RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES (EACH, AN "INDEMNIFIED PARTY" AND COLLECTIVELY, THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS, AND LIABILITY OF EVERY KIND, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS,

AND ATTORNEYS' FEES, FOR INJURY TO OR DEATH OF ANY PERSON, OR FOR DAMAGE TO ANY PROPERTY, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE CONDUCT OR MANAGEMENT OF THE LICENSEE'S ACTIVITIES, OR FROM ANY ACT OR OMISSION BY THE LICENSEE, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, GUESTS, OR INVITEES, ON OR ABOUT THE PROPERTY, WHERE SUCH INJURIES, DEATH OR DAMAGES ARE CAUSED BY (I) THE JOINT NEGLIGENCE OF AN INDEMNIFIED PARTY AND ANY OTHER PERSON OR ENTITY AND/OR (II) THE SOLE OR JOINT NEGLIGENCE OF THE LICENSEE, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, GUESTS, AND/OR INVITEES. IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO, BOTH THE ISD AND THE LICENSEE, THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH IS INDEMNITY BY THE LICENSEE TO INDEMNIFY AND PROTECT THE INDEMNIFIED PARTIES FROM THE CONSEQUENCES OF (I) THE NEGLIGENCE OF AN INDEMNIFIED PARTY, WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE OF THE RESULTING INJURY, DEATH OR DAMAGE AND/OR (II) THE NEGLIGENCE OF THE LICENSEE, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, GUESTS, AND/OR INVITEES. FURTHERMORE, THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL HAVE NO APPLICATION TO AN INDEMNIFIED PARTY FOR ANY CLAIM, LOSS, DAMAGE, CAUSE OF ACTION, SUIT, AND LIABILITY WHERE THE INJURY, DEATH, OR DAMAGE RESULTS FROM THE SOLE NEGLIGENCE OF THE INDEMNIFIED PARTY, UNMIXED WITH THE FAULT OF ANY OTHER PERSON OR ENTITY.

In the event that any action or proceeding is brought against an Indemnified Party by reason of any matter from which the Indemnified Party is indemnified herein, the Licensee further agrees and covenants to defend the action or proceeding by legal counsel acceptable to the Indemnified Party. It is expressly agreed and understood by the Parties hereto that the indemnity provided in this Section shall survive the expiration or earlier termination of this Agreement.

- 6.3 *Release.* The Licensee assumes full responsibility for all of the Licensee's actions as well as those of its officers, contractors, agents or volunteers while on the Licensed Property and hereby releases, relinquishes and discharges the Indemnified Parties from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to or death of any person (whether they be either of the Parties hereto, their employees, or other third parties) and any loss of or damage to property (whether the property be that of either of the Parties hereto, their employees, or other third parties) that is caused by or alleged to be caused by, arising out of, or in connection with this Agreement. This release

shall apply regardless of whether said claims, demands, and causes of action are covered in whole or in part by insurance.

6.4 *No Consent to Litigation.* By this Agreement, neither the City nor the ISD consents to litigation or suit, and each of the City and the ISD hereby expressly revokes any consent to litigation that it may have granted by the terms of this Agreement or any other contract or agreement, any charter, or applicable state law. Nothing herein shall be construed so as to limit or waive the sovereign immunity of the City or the ISD.

6.5 *Insurance.* Throughout the term of the License, the Licensee shall maintain insurance coverage of the type and amount hereinafter indicated. The Licensee shall provide to the ISD and the City an insurance certificate evidencing the following coverage in the minimum limit indicated hereinbelow:

- Commercial General Liability
 - General Aggregate: \$2,000,000
 - Per Occurrence: \$1,000,000
 - Owners' and Contractors' Protective Liability: \$1,000,000
 - Coverage shall be at least as broad as ISO CG 00 01 10 93
 - No coverage shall be deleted from standard policy without notification of individual exclusions being attached for review and acceptance.
 - Waiver of Subrogation required.
- Business Automobile Policy (BAP)
 - Combined Single Limits: \$1,000,000
 - Coverage for "Any Auto."
 - Waiver of Subrogation required.
- Workers' Compensation: Statutory Limits
 - Employer's Liability: \$500,000
 - Waiver of Subrogation required.

On or before the License Commencement Date, the Licensee shall file with the ISD and the City valid Certificates of Insurance and endorsements acceptable to the ISD and the City. Such certificates shall contain a provision that coverages afforded under the policies will not be canceled, suspended, voided, or reduced until at least thirty (30) days' prior written notice has been given to the City and the ISD via certified mail, return receipt requested. Prior to the end of each coverage period during the term of the License, new Certificates of Insurance must be filed with the City and the ISD evidencing continuation of coverage.

The following are general requirements, which are applicable to the required policy:

- All insurance coverage required herein shall be written by a carrier with an A.M. Best Rating of A:VII or higher in accordance with the current Best Key Rating Guide.
- Only insurance carriers licensed and admitted to do business in the State of Texas will be accepted.
- Deductibles shall be listed on the Certificate of Insurance and are acceptable only on a per occurrence basis.
- Claims-made policies will not be accepted.
- The ISD and the City, and their respective officers, agents, and employees, are to be added as "Additional Insureds" to the policy. The coverage shall contain no special limitation on the scope of protection afforded to the ISD, the City, and their respective officers, agents, or employees.
- A waiver of subrogation in favor of the ISD and the City must be included.
- Upon request, certified copies of all insurance policies and/or certificates of insurance shall be furnished to the City and the ISD at no cost to the City or the ISD.

The Licensee shall require its contractors or subcontractors (if any) to carry in full force and effect insurance coverages of the type and limits as required hereinabove if such contractors perform any work on the Licensed Property.

- 6.6 *No Arbitration.* Notwithstanding anything to the contrary contained in this Agreement, the ISD and the Licensee hereby agree that no claim or dispute between the ISD and the Licensee arising out of or relating to this Agreement shall be decided by any arbitration proceeding including, without limitation, any proceeding under the Federal Arbitration Act (9 U.S.C. Sections 1-14), or any applicable State arbitration statute, including, but not limited to, the Texas General Arbitration Act, provided that in the event the ISD is subjected to an arbitration proceeding notwithstanding this provision, the Licensee consents to be joined in the arbitration proceeding if the Licensee's presence is required or requested by the ISD for complete relief to be recorded in the arbitration proceeding.

7. GENERAL PROVISIONS.

- 7.1 *Entire Agreement.* This Agreement constitutes the entire agreement between the ISD and the Licensee. No agreements, modifications (implied or otherwise), shall be binding on any of the Parties unless set forth in writing and signed by both Parties.
- 7.2 *Severability.* The phrases, clauses, sentences, paragraphs, and sections of this Agreement are severable; and, if any phrase, clause, sentence, paragraph, or section of this Agreement should be declared invalid by the final decree or judgment of any

court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, and sections of this Agreement.

- 7.3 *Notice.* Any notice required to be given pursuant to the terms and provisions of this Agreement shall be in writing and mailed by certified or registered mail, addressed as set forth below or at such other address as may be specified by written notice:

CLEAR CREEK INDEPENDENT SCHOOL DISTRICT

Attn: Superintendent
2435 East Main St.
League City, TX 77573

CITY OF FRIENDSWOOD

Attn: City Manager
910 S. Friendswood Dr.
Friendswood, TX 77546

- 7.4 *Choice of Law.* This Agreement shall be construed in accordance with the laws of the State of Texas.
- 7.5 *Venue.* Exclusive venue for any dispute out of this Agreement shall lie in a court of competent jurisdiction in Galveston County, Texas.
- 7.6 *Assignment.* Except as otherwise provided herein with respect to the License Assignment, this Agreement may not be assigned by the City without the prior written consent of the ISD; provided, however, that the License Assignment must be expressly subject to and conditioned upon Developer's agreement to comply with the terms of this Agreement and the TIRZ Agreement, including but not limited to the conditions set forth in Section 1.2 and the requirements of Articles 3, 4, and 6 hereof.
- 7.7 *Construction.* Both Parties have participated fully in the review and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the interpretation of this Agreement.
- 7.8 *Non-Waiver.* Failure of either Party hereto to insist on the strict performance of any of the agreements contained herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on and to enforce by an appropriate remedy, strict compliance with any other obligation hereunder to exercise any right or remedy occurring as a result of any future default or failure of performance.
- 7.9 *Remedies Cumulative.* No right or remedy granted herein or reserved to the ISD is exclusive of any other right or remedy herein by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder. No covenant or condition of this Agreement may be waived without

consent of the ISD. Forbearance or indulgence by the ISD shall not constitute a waiver of any covenant or condition to be performed pursuant to this Agreement.

- 7.10 *Construction.* The article and section headings are used in this Agreement for convenience and reference purposes only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement and shall have no meaning or effect upon its interpretation.
- 7.11 *Agreement Read.* The Parties acknowledge that they have read, understand, and intend to be bound by the terms and conditions of this Agreement.
- 7.12 *Multiple Originals.* It is understood and agreed that this Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

[Signature pages follow]

CLEAR CREEK INDEPENDENT SCHOOL
DISTRICT

By: _____
Name: _____
Title: _____

CITY OF FRIENDSWOOD

Morad Kabiri, City Manager

ATTEST:

Leticia Brysch, City Secretary

Exhibit "A"

Fee Property

METES AND BOUNDS DESCRIPTION
10.000 ACRES (435,612 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 10.000 acres (435,612 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. P598262; said 10.000 acre tract of land being more particularly described as follows (bearings are grid and oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

COMMENCING at a 5/8-inch iron rod found marking the intersection of the southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) with a westerly line of a called 12.2828 acre tract of land conveyed to Harris County Flood Control District (H.C.F.C.D. Unit No. A-114-02-00) as described by deeds recorded under H.C.C.F. No(s). E449568 and K384682; said iron rod for the northwest corner of Restricted Reserve "F", AUTUMN CREEK COMMERCIAL TRACT "TWO", a subdivision plat of record at Film Code No. 410065, Harris County Map Records (H.C.M.R.) and also for the northeast corner of Restricted Reserve "A", WESTSIDE MIDDLE SCHOOL, a subdivision plat of record at Film Code No. 359101, H.C.M.R.; said iron rod having Texas State Plane Grid Coordinates of X=3,187,884.24' and Y=13,757,264.17';

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and along a westerly line of said H.C.F.C.D. tract, at 320.00 feet passing the southwest corner of said Restricted Reserve "F", continuing in all for a total distance of 1,095.59 feet to a 1/2-inch iron rod found marking an angle point;

THENCE, South 00°56'04" East, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 116.17 feet to a 5/8-inch iron rod found marking an angle point;

THENCE, South 14°46'34" West, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 85.85 feet to a 5/8-inch iron rod with cap stamped "KRESS" found marking the southeast corner of said Restricted Reserve "A" and northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE, South 14°46'34" West, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 30.32 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking an angle point;

THENCE, South 30°29'11" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 116.17 feet to a 1/2-inch iron rod found marking an angle point;

METES AND BOUNDS DESCRIPTION
10.000 ACRES (435,612 SQ. FT.)
PAGE 2 OF 2

THENCE, South 38°20'29" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 1,151.75 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.0000 acre tract and a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under H.C.C.F. No. RP-2023-65754; said iron rod for the most southerly corner of the herein described tract;

THENCE, North 08°47'23" West, along the common line of said 106.472 acre tract and said 10.0000 acre tract, a distance of 901.29 feet to a 5/8-inch iron rod found marking the southwest corner of said Restricted Reserve "A" and for the northwest corner of the herein described tract;

THENCE, North 81°12'37" East, departing said common line and along the southerly line of said Restricted Reserve "A", a distance of 929.80 feet to the POINT OF BEGINNING and containing 10.000 acres (435,612 square feet) of land. This description is based upon a Standard Land Survey of 38.927 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-6576.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.E.L.S Firm No. 10084800
150 W. Shadowbend Ave., Suite 300
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
May 10, 2024

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Form of Special Warranty Deed

SPECIAL WARRANTY DEED

TO HAVE AND TO HOLD the above-described property, together with all and singular the rights and appurtenances thereto and in anywise belonging, unto the said GRANTEE, its successors and assigns forever, in fee simple absolute. GRANTOR does hereby bind its successors and assigns, to WARRANT and FOREVER DEFEND all and singular the above-described property unto the said GRANTEE, its successors and assigns, against every person

whomsoever lawfully claiming or to claim the same of any part thereof, by, through or under the GRANTOR, but not otherwise.

Executed this _____ day of _____, 2024.

GRANTOR:
CLEAR CREEK INDEPENDENT
SCHOOL DISTRICT

ARTURO SANCHEZ
President of the Board of Trustees

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

BEFORE ME, _____, the undersigned notary public, on this day personally appeared ARTURO SANCHEZ, President of the Board of Trustees of the Clear Creek Independent School District, the owner of the Property, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed that instrument for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN before me this _____ day of _____, 2024.

Notary Public in and for the State of
Texas

My commission expires:

ACCEPTED BY:
CITY OF FRIENDSWOOD, TEXAS

By: _____
MORAD KABIRI
City Manager

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

BEFORE ME, _____, the undersigned notary public, on this day personally appeared MORAD KABIRI, the City Manager of the City of Friendswood, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed that instrument for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN before me this _____ day of _____, 2024.

Notary Public in and for the State of
Texas

My commission expires:

GRANTOR'S ADDRESS:
Clear Creek Independent School District
Attn: Superintendent
P.O. Box 799
League City, TX 77574

AFTER RECORDING RETURN TO:
City of Friendswood
Attn: City Secretary
910 S. Friendswood Drive
Friendswood, TX 77546

EXHIBIT "A"

METES AND BOUNDS DESCRIPTION
10.000 ACRES (435,612 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 10.000 acres (435,612 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. P598262; said 10.000 acre tract of land being more particularly described as follows (bearings are grid and oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011):

COMMENCING at a 5/8-inch iron rod found marking the intersection of the southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) with a westerly line of a called 12.2828 acre tract of land conveyed to Harris County Flood Control District (H.C.F.C.D. Unit No. A-114-02-00) as described by deeds recorded under H.C.C.F. No(s). E449568 and K384682; said iron rod for the northwest corner of Restricted Reserve "F", AUTUMN CREEK COMMERCIAL TRACT "TWO", a subdivision plat of record at Film Code No. 410065, Harris County Map Records (H.C.M.R.) and also for the northeast corner of Restricted Reserve "A", WESTSIDE MIDDLE SCHOOL, a subdivision plat of record at Film Code No. 359101, H.C.M.R.; said iron rod having Texas State Plane Grid Coordinates of X=3,187,884.24' and Y=13,757,264.17';

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and along a westerly line of said H.C.F.C.D. tract, at 320.00 feet passing the southwest corner of said Restricted Reserve "F", continuing in all for a total distance of 1,095.59 feet to a 1/2-inch iron rod found marking an angle point;

THENCE, South 00°56'04" East, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 116.17 feet to a 5/8-inch iron rod found marking an angle point;

THENCE, South 14°46'34" West, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 85.85 feet to a 5/8-inch iron rod with cap stamped "KRESS" found marking the southeast corner of said Restricted Reserve "A" and northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE, South 14°46'34" West, continuing along a westerly line of said H.C.F.C.D. tract, a distance of 30.32 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking an angle point;

THENCE, South 30°29'11" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 116.17 feet to a 1/2-inch iron rod found marking an angle point;

METES AND BOUNDS DESCRIPTION
10.000 ACRES (435,612 SQ. FT.)
PAGE 2 OF 2

THENCE, South 38°20'29" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 1,151.75 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.0000 acre tract and a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under H.C.C.F. No. RP-2023-65754; said iron rod for the most southerly corner of the herein described tract;

THENCE, North 08°47'23" West, along the common line of said 106.472 acre tract and said 10.0000 acre tract, a distance of 901.29 feet to a 5/8-inch iron rod found marking the southwest corner of said Restricted Reserve "A" and for the northwest corner of the herein described tract;

THENCE, North 81°12'37" East, departing said common line and along the southerly line of said Restricted Reserve "A", a distance of 929.80 feet to the POINT OF BEGINNING and containing 10.000 acres (435,612 square feet) of land. This description is based upon a Standard Land Survey of 38.927 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.E.L.S Firm No. 10084800
150 W. Shadowbend Ave., Suite 300
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
May 10, 2024

Mb10000.docx



Exhibit "B"

Electric Easement

METES AND BOUNDS DESCRIPTION
1.076 ACRES (46,884 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 1.076 acres (46,884 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being out of and a part of Restricted Reserve "A", WESTSIDE MIDDLE SCHOOL, a subdivision plat of record at Film Code No. 359101, Harris County Map Records (H.C.M.R.); being out of and a part of a called 28.9270 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. P598260; being out of and a part of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598262; said 1.076 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

COMMENCING at a 5/8-inch iron rod found marking the intersection of the southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) with a westerly line of a called 12.2828 acre tract of land conveyed to Harris County Flood Control District (H.C.F.C.D. Unit No. A-114-02-00) as described by deeds recorded under H.C.C.F. No(s). E449568 and K384682; said iron rod for the northwest corner of Restricted Reserve "F", AUTUMN CREEK COMMERCIAL TRACT "TWO", a subdivision plat of record at Film Code No. 410065, Harris County Map Records (H.C.M.R.) and also for the northeast corner of said Restricted Reserve "A"; said iron rod having Texas State Plane Grid Coordinates of X=3,187,884.24' and Y=13,757,264.17';

THENCE, South 81°12'37" West, along said southerly R.O.W. line, a distance of 958.50 feet to the northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and over and across said Restricted Reserve "A" and 10.0000 acre tract, a distance of 2,170.69 feet to a northwesterly line of said H.C.F.C.D. tract and for an angle point of the herein described tract;

THENCE, South 38°20'29" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 29.34 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.0000 acre tract and a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under H.C.C.F. No. RP-2023-65754; said iron rod for the most southerly corner of the herein described tract;

METES AND BOUNDS DESCRIPTION
1.076 ACRES (46,884 SQ. FT.)
PAGE 2 OF 2

THENCE, North 08°47'23" West, at 901.29 feet passing a 5/8-inch iron rod found marking the southwest corner of said Restricted Reserve "A" and northwest corner of said 10.0000 acre tract; continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod found at the base of a concrete lift station pad on the aforesaid southerly R.O.W. line of F.M. 528 and marking the northerly common corner of said Restricted Reserve "A" and 106.472 acre tract; said iron rod for the northwest corner of the herein described tract;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, a distance of 21.50 feet to the POINT OF BEGINNING and containing 1.076 acres (46,884 square feet) of land. This description is based upon a Standard Land Survey of 38.927 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.E.L.S Firm No. 10084800
150 W. Shadowbend Ave., Suite 300
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
May 10, 2024

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Exhibit "B-1"

Form of Electric Easement

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ELECTRIC EASEMENT

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS §

THAT CLEAR CREEK INDEPENDENT SCHOOL DISTRICT, a political subdivision of the State of Texas ("GRANTOR"), for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid by the GRANTEE herein named, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, BARGAINED, SOLD AND CONVEYED and by these presents does GRANT, BARGAIN, SELL AND CONVEY unto the CITY OF FRIENDSWOOD, TEXAS, a home-rule municipal corporation located in Harris and Galveston Counties, Texas, its successors and assigns (collectively "GRANTEE"), a perpetual electric easement in, under, over, along, upon, and across that certain tract of land, being more particularly described in Exhibit "A," which is attached hereto and incorporated herein for all intents and purposes (the "Easement").

This conveyance is made subject to the following to the extent the same are still in effect, related to the Property: all easements, rights-of-way, reservations of mineral leases respecting mineral interests, and all other matters of record in the Official Public Records of Real Property of Harris County, Texas, to which GRANTEE may be legally bound.

TO HAVE AND TO HOLD the above-described Easement, together with all and singular the rights and appurtenances thereto in any wise belonging, together with the rights of ingress and egress to and from the Easement for the purposes of constructing, inspecting,

reconstructing, repairing, relocating, altering, and maintaining electric service facilities, including lines and related facilities (the "Facilities"), unto the said GRANTEE, its successors and assigns forever, provided, however, only trees previously designated by GRANTOR may be removed from the Easement. GRANTOR binds itself as well as its successors and assigns, to warrant and forever defend all and singular the Easement unto GRANTEE and GRANTEE'S successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under the GRANTOR, but not otherwise.

At all times after performing any work in connection with the Easement, GRANTEE shall, at GRANTEE'S expense, promptly restore the Easement as nearly as reasonably practicable to substantially the condition prior to the undertaking of such work.

GRANTEE, at GRANTEE'S sole expense, shall be solely responsible for the maintenance of the Facilities placed or constructed within the Easement by the GRANTEE.

GRANTEE agrees to comply in all material respects, at its sole cost, with all applicable federal, state and local laws, rules, and regulations which are applicable to GRANTEE'S activities hereunder.

GRANTOR expressly reserves the right to the use and enjoyment of the surface of the Easement for any and all purposes, provided, however, that such use and enjoyment of the surface of the Easement shall not materially and unreasonably interfere with or restrict the full and complete use and enjoyment of the Easement for the purposes set forth herein.

Executed this _____ day of _____, 2024.

GRANTOR:
CLEAR CREEK INDEPENDENT
SCHOOL DISTRICT

ARTURO SANCHEZ
President of the Board of Trustees

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

BEFORE ME, _____, the undersigned notary public, on this day personally appeared ARTURO SANCHEZ, President of the Board of Trustees of the Clear Creek Independent School District, the owner of the Property, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed that instrument for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN before me this _____ day of _____, 2024.

Notary Public in and for the State of
Texas

My commission expires:

ACCEPTED BY:
CITY OF FRIENDSWOOD, TEXAS

By: _____
MORAD KABIRI
City Manager

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

BEFORE ME, _____, the undersigned notary public, on this day personally appeared MORAD KABIRI, the City Manager of the City of Friendswood, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed that instrument for the purposes and consideration therein expressed.

SUBSCRIBED AND SWORN before me this _____ day of _____, 2024.

Notary Public in and for the State of
Texas

My commission expires:

GRANTOR'S ADDRESS:

Clear Creek Independent School District
Attn: Superintendent
P.O. Box 799
League City, TX 77574

AFTER RECORDING RETURN TO:

City of Friendswood
Attn: City Secretary
910 S. Friendswood Drive
Friendswood, TX 77546

EXHIBIT "A"

METES AND BOUNDS DESCRIPTION
1.076 ACRES (46,884 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 1.076 acres (46,884 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being out of and a part of Restricted Reserve "A", WESTSIDE MIDDLE SCHOOL, a subdivision plat of record at Film Code No. 359101, Harris County Map Records (H.C.M.R.); being out of and a part of a called 28.9270 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. P598260; being out of and a part of a called 10.0000 acre tract of land conveyed to Clear Creek Independent School District as described by deed recorded under H.C.C.F. No. P598262; said 1.076 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011):

COMMENCING at a 5/8-inch iron rod found marking the intersection of the southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) with a westerly line of a called 12.2828 acre tract of land conveyed to Harris County Flood Control District (H.C.F.C.D. Unit No. A-114-02-00) as described by deeds recorded under H.C.C.F. No(s). E449568 and K384682; said iron rod for the northwest corner of Restricted Reserve "F", AUTUMN CREEK COMMERCIAL TRACT "TWO", a subdivision plat of record at Film Code No. 410065, Harris County Map Records (H.C.M.R.) and also for the northeast corner of said Restricted Reserve "A"; said iron rod having Texas State Plane Grid Coordinates of X=3,187,884.24' and Y=13,757,264.17';

THENCE, South 81°12'37" West, along said southerly R.O.W. line, a distance of 958.50 feet to the northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line and over and across said Restricted Reserve "A" and 10.0000 acre tract, a distance of 2,170.69 feet to a northwesterly line of said H.C.F.C.D. tract and for an angle point of the herein described tract;

THENCE, South 38°20'29" West, continuing along a northwesterly line of said H.C.F.C.D. tract, a distance of 29.34 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found marking the southerly common corner of said 10.0000 acre tract and a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under H.C.C.F. No. RP-2023-65754; said iron rod for the most southerly corner of the herein described tract;

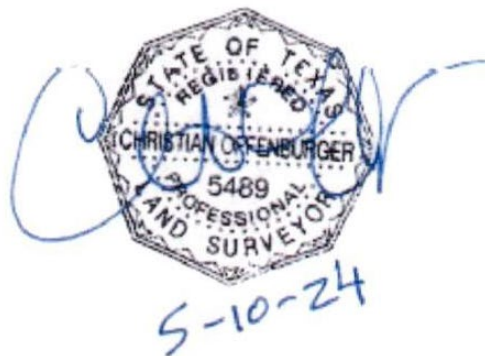
METES AND BOUNDS DESCRIPTION
1.076 ACRES (46,884 SQ. FT.)
PAGE 2 OF 2

THENCE, North 08°47'23" West, at 901.29 feet passing a 5/8-inch iron rod found marking the southwest corner of said Restricted Reserve "A" and northwest corner of said 10.0000 acre tract; continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod found at the base of a concrete lift station pad on the aforesaid southerly R.O.W. line of F.M. 528 and marking the northerly common corner of said Restricted Reserve "A" and 106.472 acre tract; said iron rod for the northwest corner of the herein described tract;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, a distance of 21.50 feet to the POINT OF BEGINNING and containing 1.076 acres (46,884 square feet) of land. This description is based upon a Standard Land Survey of 38.927 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.E.L.S Firm No. 10084800
150 W. Shadowbend Ave., Suite 300
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
May 10, 2024

Mb1076.docx



Licensed Property



Exhibit “D”

Developer’s Obligations

- Detention improvements on the Fee Property that will provide detention for the School based upon applicable detention requirements.
- Playing fields on the Licensed Property, including:
 - Filling in and grading the detention site currently located thereon;
 - Hydromulching the site; and
 - Installing an irrigation system thereon to be connected to the ISD’s existing water system.
- Road improvements, including:
 - A public roadway owned and maintained by the City and providing additional access to the School; and
 - An extension to Blackhawk Boulevard adjacent to the ISD’s property.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 08/13/2024

Prepared by: Karen Horner, City Attorney

Subject: Conduct a public hearing on the proposed assessments to be levied against certain property within the boundaries of the Friendswood City Center Public Improvement District.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

On October 7th, the City Council approved the Preliminary Service and Assessment Plan and called this public hearing. Notice of the public hearing was published in the Reporter News on October 16th, posted on the City's website and notice boards on October 8th, and mailed to the owners of property liable for the proposed assessment on October 9th, all within the required timeframe of on or before October 24th, which is at least 11 days before the date of this public hearing. The notice is attached to this agenda item and includes the requisites contained in Section 372.016 of the Texas Local Government Code.

At this hearing, all persons shall be given an opportunity to attend and speak:

1. to contend for or contest the Service and Assessment Plan, the Assessment Roll, and the proposed Assessments,
2. to offer testimony pertinent to any issue presented, including (i) the amount of the Assessments, (ii) the allocation of the costs of the Projects, (iii) the purposes of the Assessments, (iv) the special benefits of the Assessments, and (v) the penalties and interest on annual installments and on delinquent annual installments of the Assessments.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

1. Notice of Public Hearing - SAP

CITY OF FRIENDSWOOD
NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN THAT a public hearing will be conducted by the City Council of the City of Friendswood, Texas, at 5:30 p.m. on November 4, 2024, at the regular meeting place of the City, the City Council Chamber at Friendswood City Hall, 910 S Friendswood Dr., Friendswood, Texas 77546. The public hearing will be held to consider proposed assessments to be levied against certain assessable property in the Friendswood City Center Public Improvement District (the "District") pursuant to the provisions of Chapter 372 of the Texas Local Government Code, as amended (the "Act").

The general nature of the proposed public improvements (collectively, the "Authorized Improvements") may include (i) design, acquisition, construction, improvement, and other allowed costs related to street and roadway improvements, including related drainage, sidewalks, utility relocation, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) design, acquisition, construction, improvement, and other allowed costs related to storm drainage improvements; (iii) design, acquisition, construction, improvement, and other allowed costs related to water, wastewater and drainage (including detention) improvements and facilities; (iv) design, acquisition, construction, improvement, and other allowed costs related to parks, open space and recreational improvements including trails and landscaping related thereto; (v) design, acquisition, construction, improvement, and other allowed costs related to firefighting facilities; (vi) design, construction and other allowed costs related to projects similar to those listed in sections (i) – (v) above authorized by the Act, including similar off-site projects that provide a benefit to the Property within the District; (vii) acquisition of real property, interests in real property, or contract rights in connection with each Authorized Improvement (viii) payment of expenses incurred in the establishment, administration, and operation of the District; (ix) payment of expenses associated with financing such public improvement projects, which may include, but are not limited to, costs associated with the issuance and sale of revenue bonds secured by assessments levied against the Property within the District; and (x) maintenance and operation expenses of the Authorized Improvements.

The estimated cost to design, acquire and construct the Authorized Improvements, together with bond issuance costs, eligible legal and financial fees, eligible credit enhancement costs and eligible costs incurred in the establishment, administration and operation of the District is \$100,000,000. The City will pay the costs of the Authorized Improvements with assessments levied on property within the District and other lawfully available funds of the City. The remaining costs of the proposed improvements will be paid from sources other than those described above.

The boundaries of the District include approximately 106.472 acres of land within the City of Friendswood, Texas, said property being situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas. A metes and bounds description is available for inspection at the offices of the City Secretary at the location described below.

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

A copy of the Preliminary Service and Assessment Plan, including the proposed Assessment Roll, for the District, which includes the assessments to be levied against each parcel in the District, is available for public inspection at the office of the City Secretary, Friendswood City Hall, 910 S Friendswood Dr., Friendswood, Texas 77546.

WITNESS MY HAND AND THE OFFICIAL SEAL OF THE CITY, this 8th day of October, 2024.



City Secretary

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/11/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider authorizing the Friendswood City Center Public Improvement District Reimbursement Agreement with Madison Development Corp., LLC.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The Friendswood City Center Public Improvement Reimbursement Agreement is an agreement by the City to reimburse the Madison Development Corp., LLC. and its assigns (the "Developer") for the cost of public improvements plus interest as set for in and pursuant to the approved Friendswood City Center Public Improvement District (the "PID") Service and Assessment Plan (the "SAP"). Such agreement is specifically authorized pursuant to Section 372.023(d)(1) of the Texas Local Government Code.

Pursuant to the agreement, revenue received and collected by the City from the collection of the PID assessments and annual installments after deducting certain collection and administrative expenses, will be deposited first for the payment of debt service on any bonds issued by the City and second into an assessment fund and accounts therein, that is segregated from all other funds of the City. The funds deposited into such fund shall be used to reimburse the Developer for the actual cost of the public improvements paid by the Developer in accordance with the SAP. This proposed agreement details the timing and collection of the assessments on property within the PID as well as the timing and distribution of the assessments.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Friendswood City Center Reimbursement Agreement

FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT REIMBURSEMENT AGREEMENT

This Friendswood City Center Public Improvement District Reimbursement Agreement (this “Reimbursement Agreement”) is executed by and between the City of Friendswood, Texas (the “City”) and Madison Development Corp., LLC a Texas limited liability company, (the “Developer”) (individually referred to as a “Party” and collectively as the “Parties”) to be effective as of August 5, 2024. (the “Effective Date”).

RECITALS

WHEREAS, capitalized terms used in this Reimbursement Agreement shall have the meanings given to them in the Friendswood City Center Public Improvement District Service and Assessment Plan, to be approved by the City, as the same may be updated and amended from time to time (the “Service and Assessment Plan” or “SAP”); and

WHEREAS, on January 8, 2024, the City Council of the City (the “City Council”) passed and approved Resolution No. R2024-01 creating the Friendswood City Center Public Improvement District (the “District”) covering approximately 106.472 acres of land described by metes and bounds in said Resolution (the “District Property”); and

WHEREAS, the purpose of the District is to finance public improvements (the “Authorized Improvements”) as provided by Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”) that promote the interests of the City and confer a special benefit on the Assessed Property within the District; and

WHEREAS, the District Property is being developed in accordance with that certain “Friendswood City Center Development Agreement,” executed by and between the Developer, and the City dated as of January 22, 2024, (the “Development Agreement”); and

WHEREAS, the Developer has begun construction of certain public improvements within District (the “Authorized Improvements”) and the City intends to approve one or more ordinances (each an “Assessment Ordinance”) levying assessments in the District (the “Assessments”) for the costs of the Authorized Improvements that confer a special benefit on the District Property and adopt the SAP for the District which sets forth the Assessments against all property within the District for the financing of the Authorized Improvements; and

WHEREAS, the City and the Developer desire to enter into this reimbursement agreement (the “Reimbursement Agreement”) to reflect the City’s intent to reimburse the Developer for the costs of the Authorized Improvements plus interest as forth in and pursuant to the approved SAP; and

WHEREAS, all revenue received and collected by the City from the collection of the Assessments and Annual Installments (excluding Delinquent Collection Costs and Administrative Expenses) (the “Assessment Revenue”) shall be deposited first for the payment of debt service on any bonds issued by the City with the pledge of Assessment (the “Future PID Bonds”) and second,

into an assessment fund and accounts therein, that is segregated from all other funds of the City (the “Reimbursement Fund”); and

WHEREAS, the Assessment Revenue deposited into the Reimbursement Fund shall be used to reimburse Developer and its assigns for the cost of the Authorized Improvements advanced in a principal amount to be set forth in the SAP, plus interest as set forth herein; and

WHEREAS, this Reimbursement Agreement is a “reimbursement agreement” authorized by Section 372.023(d)(1) of the PID Act and the obligations of the City to use the Assessments hereunder is authorized by the PID Act; and

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS OF THE PARTIES SET FORTH IN THIS REIMBURSEMENT AGREEMENT AND FOR VALUABLE CONSIDERATION THE RECEIPT AND ADEQUACY OF WHICH ARE ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. The recitals in the “WHEREAS” clauses of this Reimbursement Agreement are true and correct, create obligations of the Parties, and are incorporated as part of this Reimbursement Agreement for all purposes.
2. The City intends to levy Assessments to finance the cost of the Authorized Improvements and to reimburse the Developer for the costs of such Authorized Improvements incurred by Developer prior to the levy and/or to pay directly the costs of the Authorized Improvements.
3. Strictly subject to the terms, conditions, and requirements and solely from the Assessment Revenues as herein provided and in accordance with the SAP, the City agrees to pay the Developer and the Developer shall be entitled to receive from the City, the amount equal to the actual costs of the Authorized Improvements paid by the Developer in the amount as set forth in the SAP, in accordance with the terms of this Reimbursement Agreement, in a principal amount not to exceed the amount set forth in the SAP (the “Reimbursement Obligation”), plus interest accrued, as provided in Section 3(a) below. The City hereby covenants to create, concurrently with the execution of this Reimbursement Agreement, a separate fund to be designated the “Reimbursement Fund” containing accounts therein from Assessments levied on the District Property pursuant to each Assessment Ordinance. The Reimbursement Obligation is payable from Assessment Revenue to be deposited in the Reimbursement Fund as described below, or from the proceeds of Future PID Bonds, and in accordance with the Development Agreement, any applicable indenture of trust relating to Future PID Bonds, and the SAP:
 - a. The Reimbursement Obligation is payable solely from: (i) Assessment Revenue received and collected by the City from Assessments deposited an account within the Reimbursement Fund after the payment of debt service on Future PID Bonds

(ii) the net proceeds (after funding reserve funds, payment of costs of issuance, including the costs paid or incurred by the City and City Administrative Expenses) of one or more series of Future PID Bonds issued by the City to fund all or a portion of the Reimbursement Obligation in accordance with the terms of the Development Agreement and the SAP and secured by the Assessment Revenue; or (iii) a combination of items (i) and (ii) immediately above. The Assessment Revenue shall be received, collected and deposited into the applicable account of the Reimbursement Fund subject to the following limitations:

- i. Calculation of the Assessments and the first Annual Installment for a Lot or Parcel in the District shall begin as shall be provided in the SAP.
 - ii. Assessments collected for the Reimbursement Obligation listed above shall accrue simple interest annually at the rate set forth in the SAP, such rate to be in compliance with Subsections 372.023(e)(1) and (e)(2) of the PID Act. Such interest shall accrue upon levy of the Assessments only for the portion of the Assessment that is not allocated to outstanding Future PID Bonds. If accrued, interest shall begin and continue on the unpaid principal amount of the Assessments as set forth in the SAP until the earlier of (i) the expiration of the term set forth in the SAP, or (ii) the issuance of Future PID Bonds to fund a portion of the Reimbursement Obligation, as reduced by annual payments made pursuant to (iv) below. Upon the issuance of Future PID Bonds, the Assessments shall bear interest at the rate of the Future PID Bonds plus additional interest as set forth in the SAP.
 - iii. Assessment Revenue dedicated to the payment of all or a portion of the Reimbursement Obligation and interest thereon, shall be deposited into the applicable account of the Reimbursement Fund after the payment of debt service on the outstanding PID Bonds.
 - iv. The Developer shall receive the Unpaid Balance in annual installments as set forth in the SAP and in Section 3 below from the applicable account of the Reimbursement Fund, for the time period set forth in the SAP or until PID Bonds are issued to fund such Reimbursement Obligation, and as allowed under Section 3(a) above.
4. The Reimbursement Obligation, as set forth in the SAP, plus the interest as described above, if accruing, are collectively, the “Unpaid Balance.” The Unpaid Balance is secured by and payable solely from Assessment Revenue received and collected for such purpose and deposited into the applicable account of the Reimbursement Fund subject to Section 3(a)(iii), and Section 5 herein. No other City funds, revenue, taxes, or income of any kind shall be used to pay the Unpaid Balance, even if the Unpaid Balance is not paid in full by the term of this Agreement, as set forth herein. Payment of Assessment Revenue from the

applicable account of the Reimbursement Fund after the payment of debt service on outstanding Future PID Bonds, shall be made annually to the Developer subject to the term of this Reimbursement Agreement as set forth in Section 22. The outstanding Unpaid Balance and the Reimbursement Obligation shall be reduced by the amount of each annual payment to the Developer from the applicable account of the Reimbursement Fund.

5. This Reimbursement Agreement shall not, under any circumstances, give rise to or create a charge against the general credit or taxing power of the City or a debt or other obligation of the City payable from any source other than Assessment Revenue received, collected and deposited into the Reimbursement Fund. The City covenants that it will comply with the provisions of this Reimbursement Agreement, the Development Agreement, and the PID Act, including provisions relating to the administration of the District and the enforcement and collection of assessments, and all other covenants provided therein. Notwithstanding its collection efforts, if the City fails to receive all or any part of the Assessment Revenue or does not receive an amount in excess of the annual debt service due on the outstanding PID Bonds, and, as a result, is unable to make transfers from the Reimbursement Fund for payments to the Developer as required under this Reimbursement Agreement, such failure and inability shall not constitute a Failure or Event of Default (both defined below) by the City under this Reimbursement Agreement.
6. PID Bonds may be issued to fund the cost of the Authorized Improvements as set forth in the SAP. If Assessments are levied concurrently with the issuance of Future PID Bonds, such Future PID Bond proceeds shall reimburse or pay directly the costs of the Authorized Improvements, as set forth in an indenture. If Future PID Bonds are issued to fund all or a portion of the Reimbursement Obligation after the levy of the Assessments, the net proceeds of such Future PID Bonds shall be used to pay the outstanding Reimbursement Obligation, as reduced by payments made pursuant to Section 3 herein, due to the Developer under this Reimbursement Agreement for the costs of the Authorized Improvements as set forth in the SAP. Notwithstanding the foregoing, the Developer shall only be entitled to repayment of the costs of the Authorized Improvements in the amount set forth in the SAP. The Developer represents and warrants that it will not request payment with respect to any Authorized Improvement that is not part of the Authorized Improvements identified in the SAP and it will follow all procedures set forth in the Development Agreement with respect to certification for payments, including for payments of the Unpaid Balance from the Reimbursement Fund.
7. The Developer has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with written notice to) the City, the Developer's right, title, or interest in the revenue streams identified in this Reimbursement Agreement including, but not limited to, any right, title, or interest of the Developer in and to payment of the Unpaid Balance (any of the foregoing, a "Transfer," and the person or entity to whom the Transfer is made, a "Transferee"). Notwithstanding

the foregoing, however, no Transfer shall be effective until five (5) days after Developer's written notice of the Transfer is received by the City, including for each Transferee the information required by Section 25 below. The City may rely on any notice of a Transfer received from the Developer without obligation to investigate or confirm the validity or occurrence of such Transfer. No conveyance, transfer, assignment, mortgage, pledge or other encumbrance shall be made by the Developer or any successor or assignee of the Developer that results in the City being an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission. The Developer waives all rights or claims against the City for any such funds provided to a third party as a result of a Transfer for which the City has received notice. The City shall not be required to make payments pursuant to this Reimbursement Agreement to more than two parties, nor shall it be required to execute any consent or make any representations or covenants relating to such assignment.

8. The obligations of the City under this Reimbursement Agreement are non-recourse and payable only from the Reimbursement Fund or the net proceeds of Future PID Bonds and such obligations do not create a debt or other obligation payable from any other City revenues, taxes, income, or property. None of the City or any of its elected or appointed officials or any of its officers or employees shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of this Reimbursement Agreement or their acts or omissions under this Reimbursement Agreement.
9. Nothing in this Reimbursement Agreement is intended to constitute a waiver by the City of any remedy the City may otherwise have outside this Reimbursement Agreement against the Developer, any Transferee, or any other person or entity involved in the design, construction or installation of the Authorized Improvements. The obligations of the Developer hereunder shall be those as a Party hereto and not solely as an owner of property in the District. Nothing herein shall be constructed, nor is intended, to affect the City's or Developer's rights and duties to perform their respective obligations under other agreements, regulations and ordinances.
10. This Reimbursement Agreement is being executed and delivered, and is intended to be performed in the State of Texas. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Texas shall govern the validity, construction, enforcement, and interpretation of this Reimbursement Agreement. In the event of a dispute involving this Reimbursement Agreement, exclusive venue for such dispute shall lie in any court of competent jurisdiction in Harris County, Texas.
11. Any notice required or contemplated by this Reimbursement Agreement shall be signed by or on behalf of the Party giving the Notice, and shall be deemed effective as follows: (i) when delivered by a national company such as FedEx or UPS with evidence of delivery signed by any person at the delivery address regardless of whether such person was the

named addressee; or (ii) 72 hours after the notice was deposited with the United States Postal Service, Certified Mail, Return Receipt Requested. Any Party may change its address by delivering written notice of such change in accordance with this section. All Notices given pursuant to this Section shall be addressed as follows:

To the City: City Manager
 910 S. Friendswood Dr.
 Friendswood, TX 77546

With a copy to: Attn: City Attorney
 910 S. Friendswood Dr.
 Friendswood, TX 77546

To the Developer: Attn: Louis Tannos
 Madison Development Corp., LLC
 505 S. Friendswood Dr., Suite 119
 Friendswood, Texas 77546

With a copy to: Attn: Ross Martin
 Winstead PC
 2728 N. Harwood St., Suite 500
 Dallas, Texas 75201

12. Notwithstanding anything herein to the contrary, nothing herein shall otherwise authorize or permit the use by the City of the Assessments contrary to the provisions of the PID Act.

13. Remedies:

- a. If either Party fails to perform an obligation imposed on such Party by this Reimbursement Agreement (a "Failure") and such Failure is not cured after written notice and the expiration of the cure periods provided in this section, then such Failure shall constitute an "Event of Default." Upon the occurrence of a Failure by a non-performing Party, the other Party shall notify the non-performing Party and all Transferees of the non-performing Party in writing specifying in reasonable detail the nature of the Failure. The non-performing Party to whom notice of a Failure is given shall have at least 30 days from receipt of the notice within which to cure the Failure (unless more specifically set forth herein); however, if the Failure cannot reasonably be cured within 30 days and the non-performing Party has diligently pursued a cure within such 30-day period and has provided written notice to the other Party that additional time is needed, then the cure period shall be extended for an additional 30 day period so long as the non-performing Party cures such default within 90 days. Any Transferee shall have the same rights as the

Developer to enforce the obligations of the City with respect to payment of amounts due under this Reimbursement Agreement and shall also have the right, but not the obligation, to cure any alleged Failure by the Developer within the same time periods that are provided to the Developer. The election by a Transferee to cure a Failure by the Developer shall constitute a cure by the Developer, but shall not obligate the Transferee to be bound by this Reimbursement Agreement with respect to Developer obligations under this Reimbursement Agreement unless the Transferee agrees to be bound

- b. Notwithstanding the foregoing, the following are considered Events of Default under this Agreement, subject to any notice and applicable cure period set forth herein:
- i. The Developer shall fail to pay to the City any monetary sum hereby required of it as and when the same shall become due and payable and shall not cure such default within thirty (30) days after the later of the date on which written notice thereof is given by the City to the Developer, as provided in this Agreement.
 - ii. The Developer shall fail to comply in any material respect with any term, provision or covenant of this Reimbursement Agreement (other than the payment of money to the City), and shall not cure such failure within ninety (90) days after written notice thereof is given by the City to the Developer;
 - iii. The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors, rights;
 - iv. The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;
 - v. The entering of an order for relief against Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days;
 - vi. The failure by Developer or any Affiliate to pay impositions, and Assessments on property owned by the Developer and/or any Affiliates within the PID, if such failure is not cured within thirty (30) days, provided, however, Developer or any Affiliate may follow legal procedures to protest or contest their taxable appraised value;
 - vii. A Developer event of default under the Development Agreement after expiration of any applicable cure period and following written notice, if such written notice is required under the Development Agreement; or

- viii. The Developer shall breach any material covenant or default in the performance of any material obligation hereunder, if such breach or default is not cured within thirty (30) days, in the reasonable determination of the City..
 - c. If the City is in Default, the Developer may pursue any legal or equitable remedy or remedies, including, without limitation: (1) seeking a writ of mandamus to compel performance by the City; or (2) seeking specific enforcement of this Reimbursement Agreement
 - d. If the Developer is in Default, the City may pursue any legal or equitable remedy or remedies, including, without limitation, actual damages, and termination of this Agreement. The City shall not terminate this Reimbursement Agreement unless it delivers to the Developer a second notice expressly providing that the City will terminate within thirty (30) additional days. Termination or non-termination of this Reimbursement Agreement upon a Developer Event of Default shall not prevent the City from suing the Developer for specific performance, actual damages, excluding punitive, special and consequential damages, injunctive relief or other available remedies with respect to obligations that expressly survive termination. In the event the Developer fails to pay any of the expenses or amounts or perform any obligation specified in this Reimbursement Agreement, then to the extent such failure constitutes an Event of Default hereunder, the City may, but shall not be obligated to do so, pay any such amount or perform any such obligations and the amount so paid and the reasonable out of pocket costs incurred by the City in said performance shall be due and payable by the Developer to the City within thirty (30) days after the Developer's receipt of an itemized list of such costs.
 - e. No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.
 - f. The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.
14. The Developer shall assume the defense of, and indemnify and hold harmless the City's inspector, the City employees, officials, officers, representative and agents of the City and each of them (each an "Indemnified Party") from and against, all actions, damages, claims, loses or expense of every type and description to which they may be subject or put, by reason of, or resulting from the breach of any provisions of this Reimbursement Agreement by the Developer, the Developer's nonpayment under contracts between the Developer and its consultants, engineers, advisors, contractors, subcontractors and suppliers in the provision of the Authorized Improvements constructed by Developer, or any claims by

persons employed by the Developer relating to the construction of such projects. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense directly attributable to the willful misconduct or gross negligence of any Indemnified Party. The City does not waive its defenses and immunities, whether governmental, sovereign, official or otherwise and nothing in this Reimbursement Agreement is intended to or shall confer any right or interest in any person not a party hereto.

15. To the extent there is a conflict between this Reimbursement Agreement and an indenture securing Future PID Bonds issued to fund the Reimbursement Obligation or the SAP, the indenture securing such Future PID Bonds or the SAP shall control as the provisions relate to the Assessments.
16. The failure by a Party to insist upon the strict performance of any provision of this Reimbursement Agreement by the other Party, or the failure by a Party to exercise its rights upon a Default by the other Party shall not constitute a waiver of such Party's right to insist and demand strict compliance by such other Party with the provisions of this Reimbursement Agreement.
17. The City does not waive or surrender any of its governmental powers, immunities, or rights except to the extent permitted by law and necessary to allow the Developer to enforce its remedies under this Reimbursement Agreement.
18. Nothing in this Reimbursement Agreement, express or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer and its assigns any rights, remedies, or claims under or by reason of this Reimbursement Agreement, and all covenants, conditions, promises, and agreements in this Reimbursement Agreement shall be for the sole and exclusive benefit of the City and the Developer.
19. The City represents and warrants that this Reimbursement Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Reimbursement Agreement on behalf of the City has been duly authorized to do so. The Developer represents and warrants that this Reimbursement Agreement has been approved by appropriate action of the Developer, and that the individual executing this Reimbursement Agreement on behalf of the Developer has been duly authorized to do so. Each Party respectively acknowledges and agrees that this Reimbursement Agreement is binding upon such Party and is enforceable against such Party, in accordance with its terms and conditions and to the extent provided by law.

20. This Reimbursement Agreement represents the entire agreement of the Parties and no other agreement, statement or promise made by any Party or any employee, officer or agent of any Party with respect to any matters covered hereby that is not in writing and signed by all the Parties to this Agreement shall be binding. This Reimbursement Agreement shall not be modified or amended except in writing signed by the Parties. If any provision of this Reimbursement Agreement is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Reimbursement Agreement; and (b) the remainder of this Reimbursement Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.
21. This Reimbursement Agreement may be executed in any number of counterparts, each of which shall be deemed an original.
22. The term of this Reimbursement Agreement is the earlier of (i) the expiration of the Assessments as set forth in the SAP and the payment of any amounts from the final year of Assessment Revenue collection, (ii) until the Unpaid Balance is paid in full in accordance herewith, (iii) the issuance of one or more series of PID Bonds to fund, Reimbursement Obligation, as reduced by payments made pursuant to Section 3 herein, or (iv) termination pursuant to an Event of Default under this Agreement or under the Development Agreement, whichever occurs first, subject to the applicable cure period provided herein. If a series of PID Bonds does not fully fund the Reimbursement Obligation as set forth in the Service and Assessment Plan, the remaining amount of the Reimbursement Obligation remains outstanding and subject to annual payments and/or an additional series of Future PID Bonds. Upon an Event of Default under this Reimbursement Agreement or the Development Agreement, the Development Agreement shall not terminate with respect to the costs of the Authorized Improvements that have been previously been approved by the City pursuant to a Certification for Payment (as defined in the Development Agreement) prior to the date of default.
23. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Reimbursement Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to Force Majeure, to perform its obligations under this Reimbursement Agreement, then the obligations affected by the Force Majeure shall be temporarily suspended. Within fifteen (15) business days after the occurrence of a Force Majeure, the Party claiming the right to temporarily suspend its performance, shall give Notice to all the Parties, including a detailed explanation of the Force Majeure and a description of the action that will be taken to remedy the Force Majeure and resume full performance at the earliest possible time. For purposes of this Reimbursement Agreement, "Force Majeure" means any act that (i) materially and adversely affects the affected Party's ability to perform the relevant obligations under this Reimbursement Agreement or delays such affected Party's ability to

do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party's fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. "Force Majeure" shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; (f) epidemics or pandemics that result in a governmental action that stops or delays construction or halts, impedes or delays the operations of the City; and (g) actions or omissions of a governmental authority (including the actions of the City in its capacity as a governmental authority) that were not caused by, voluntarily induced or promoted by the affected Party (including the submission of incomplete or erroneous information to the City), or brought about by the breach of its obligations under this Reimbursement Agreement or any applicable law or failure to comply with City regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (u) changes in market condition; (v) any strike or labor dispute involving the employees of the Developer or any affiliate of the Developer, other than industry or nationwide strikes or labor disputes; or (w) the occurrence of any manpower, material or equipment shortages.

24. Any amounts or remedies due pursuant to this Reimbursement Agreement are not subject to acceleration.
25. Notice of Assignment. Notwithstanding anything to the contrary in this Agreement, the following requirements shall apply in the event that the Developer effectuates a Transfer of its rights to the Unpaid Balance pursuant to Section 7 herein to a Transferee:
 - i. within 30 days after the effective date of any such Transfer, the Developer must provide written notice of same to the City;
 - ii. the notice must describe the extent to which any rights or benefits under this Agreement have been Transferred;
 - iii. the notice must state the name, mailing address, and telephone contact information of the Transferee;
 - iv. the notice must be signed by a duly authorized person representing the Developer.
26. Statutory Verifications. The Developer makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Reimbursement Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any

such verification during the term of this Reimbursement Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Reimbursement Agreement, notwithstanding anything in this Reimbursement Agreement to the contrary.

Not a Sanctioned Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

No Boycott of Israel. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Reimbursement Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

No Discrimination Against Firearm Entities. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Reimbursement Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

No Boycott of Energy Companies. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Reimbursement Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

27. Form 1295. The Developer will provide a completed and notarized Form 1295 generated by the Texas Ethics Commission's electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the Texas Ethics Commission (a "Form 1295"), in connection with entry into this Agreement. Upon receipt of the Developer's Form 1295, the City agrees to acknowledge the Developer's Form 1295 through its electronic filing application. The Developer and the City understand and agree that, with the exception of information identifying the City and the contract identification number, the City is not responsible for the information contained in the Developer's Form 1295 and the City has not verified such information.
28. Choice of Law. This Agreement shall be governed by the laws of the State of Texas.

29. Out of State Issuer. This Agreement may not be assigned to an out-of-state issuer of debt and the City shall not participate in any third-party financing relating to the Assessment Revenues received by the Developer pursuant to this Agreement.
30. Standing Letter. If requested by the Texas Attorney General, the Developer will file a standing letter addressing the representations made in Section 25 of this Agreement in a form acceptable to the Texas Attorney General.
31. City Acceptance of Authorized Improvements. Upon approval by the City engineer, if Authorized Improvements and/or private improvements have not been completed and accepted by City Council, the City may accept a bond as security for the completion of the required improvements. The Developer shall provide a letter of credit from a federally insured lending institution or depository before the plat is recorded at the county.

[SIGNATURE PAGES TO FOLLOW]

Executed by Developer and City to be effective on the Effective Date.

ATTEST:

CITY OF FRIENDSWOOD

City Secretary

Mayor

MADISON DEVELOPMENT CORP., LLC

By: _____

Name: _____

Title: _____

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 08/13/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider an ordinance approving the Service and Assessment Plan and the Assessment Roll for the Initial Major Improvements of the Friendswood City Center Public Improvement District (the "PID"); levying the Initial Major Improvement Assessments and establishing a lien against certain property within the PID; and containing other provisions related thereto.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This proposed ordinance, in accordance with the Public Improvement District (the "PID") Assessment Act:

1. approves the Service and Assessment Plan;
2. approves the Assessment Roll for the Initial Major Improvements of the PID;
3. levies the Initial Major Improvement Assessments on each assessed property located within the PID in the amounts shown on the Additional Major Improvement Assessment Roll;
4. establishes the method of assessment;
5. provides for penalties and interest on delinquent assessments;
6. allows for prepayments of assessments;
7. establishes a lien against certain property within the PID related to the Initial Major Improvements; and
8. assigns the City, itself or its third-party administrator, with the responsibility to administer the Service and Assessment Plan and the Initial Major Improvement Assessments; and
9. provides that the City, itself or through a third-party collector, may collect the Initial Major Improvement Assessments.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Ordinance - Initial Major Improvements
2. Exhibit A - SAP

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

WHEREAS, the City of Friendswood, Texas (the "City") received a petition meeting the requirements of Section 372.005 of the Public Improvement District Assessment Act (the "Act") requesting the creation of a public improvement district over a portion of the area within the corporate limits of the City to be known as the Friendswood City Center Public Improvement District (the "District"); and

WHEREAS, after publication and mailing of notice of a public hearing on the creation of the District and after the conduct of a public hearing, the City Council approved the creation of the District on January 8, 2024; and

WHEREAS, pursuant to Sections 372.013, 372.014, and 372.016 of the Act, the City Council has directed the preparation of a Preliminary Service and Assessment Plan for the District (the "Service and Assessment Plan") and an assessment roll for the Initial Major Improvements of the District (the "Initial Major Improvement Assessment Roll") that states the assessment against each assessable property (the "Assessed Property") within the District for the Initial Major Improvements (the "Initial Major Improvement Assessments"); and

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

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

WHEREAS, the City Council, pursuant to Section 372.016(c) of the Act caused the mailing of notice of the public hearing to consider the proposed Service and Assessment Plan and the Initial Major Improvement Assessment Roll attached to the Service and Assessment Plan

and the levy of Initial Major Improvement Assessments on property in the District to the last known address of the owners of the property liable for the Initial Major Improvement Assessments; and

WHEREAS, the City Council convened the public hearing at 5:30 p.m. on the 4th day of November, 2024, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Initial Major Improvement Assessment Roll, and the proposed Initial Major Improvement Assessments, and to offer testimony pertinent to any issue presented on the amount of the Initial Major Improvement Assessments, the allocation of the costs of the Initial Major Improvements Projects, the purposes of the Initial Major Improvement Assessments, the special benefits of the Initial Major Improvement Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Initial Major Improvement Assessments; and

WHEREAS, the City wishes to levy Initial Major Improvement Assessments on the property within the District for the Initial Major Improvements as set forth in the Service and Assessment Plan; and

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

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

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

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

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

Section 3. Findings. The City Council hereby finds, determines and orders, as follows:

- a. The apportionment of the costs of the Initial Major Improvements and the Annual Collection Costs pursuant to the Service and Assessment Plan is fair and reasonable, reflects an accurate presentation of the special benefit each Assessed Property will receive from the Initial Major Improvements identified in the Service and Assessment Plan, and is hereby approved.
- b. The Service and Assessment Plan covers a period of at least five (5) years and defines the annual indebtedness and projected costs for the Initial Major Improvements.
- c. The Service and Assessment Plan apportions the costs of the Initial Major Improvements to be assessed against each Assessed Property in the District, and such apportionment is made on the basis of special benefits accruing to each Assessed Property because of the Initial Major Improvements.
- d. All of the real property in the District which is being assessed in the amounts shown in the Service and Assessment Plan and Initial Major Improvement Assessment Roll will be benefited by the Initial Major Improvements proposed to be provided through the District in the Service and Assessment Plan, and each parcel of real property in the District will receive special benefits during the term of the Initial Major Improvement Assessments equal to or greater than the total amount assessed.
- e. The method of apportionment of the costs of the Initial Major Improvements and Annual Collection Costs set forth in the Service and Assessment Plan results in imposing equal shares of the costs of the Initial Major Improvements and Annual Collection Costs on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the costs.
- f. The Service and Assessment Plan should be approved as the service plan and assessment plan for the District, as described in Sections 372.013 and 372.014 of the Act.
- g. The Initial Major Improvement Assessment Roll in the form attached to the Service and Assessment Plan should be approved as an assessment roll of the District.
- h. The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Initial Major Improvement Assessments, interest on Annual Installments, interest and penalties on delinquent Initial Major Improvement Assessments and delinquent Initial Major Improvement Annual Installments, and procedures in connection with the imposition and collection of Initial Major Improvement Assessments should be approved and will expedite collection of the Initial Major Improvement Assessments in a timely manner in order to provide the improvements needed and required for the District.

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

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

Section 6. Levy and Payment of Initial Major Improvement Assessments for Costs of Initial Major Improvements.

- a. The City Council hereby levies the Initial Major Improvement Assessments on each Assessed Property located within the District, as shown and described in the Service and Assessment Plan and the Initial Major Improvement Assessment Roll, in the respective amounts shown on the Initial Major Improvement Assessment Roll, as special assessments on the properties within the District as set forth in the Service and Assessment Plan and the Initial Major Improvement Assessment Roll.
- b. The levy of the Initial Major Improvement Assessments shall be effective on the date of execution of this ordinance levying Assessments and strictly in accordance with the terms of the Service and Assessment Plan.
- c. The collection of the Initial Major Improvement Assessments shall be as described in the Service and Assessment Plan.
- d. Each Initial Major Improvement Assessment may be pre-paid or paid in Initial Major Improvement Annual Installments pursuant to the terms of the Service and Assessment Plan.
- e. Each Initial Major Improvement Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.
- f. Each Initial Major Improvement Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.
- g. The Annual Collection Costs for Initial Major Improvements Assessed Properties shall be calculated pursuant to the terms of the Service and Assessment Plan.

Section 7. Method of Assessment. The method of apportioning the costs of the Initial Major Improvements is as set forth in the Service and Assessment Plan.

Section 8. Penalties and Interest on Delinquent Assessments. Delinquent Initial Major Improvement Assessments shall be subject to the penalties, interest, procedures and

foreclosure sales set forth in the Service and Assessment Plan. The Initial Major Improvement Assessments shall have lien priority as specified in the Act and the Service and Assessment Plan.

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

Section 10. Lien Priority. As provided in the Act, the City Council and owners of the Assessed Property intend for the obligations, covenants and burdens on the owners of Assessed Property, including, without limitation, such owner's obligations related to payment of the Initial Major Improvement Assessments and the Initial Major Improvement Annual Installments, to constitute a covenant running with the land. The Initial Major Improvement Assessments and the Initial Major Improvement Annual Installments levied hereby shall be binding upon the Initial Major Improvements Assessed Property, and the owners of Initial Major Improvements 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. Initial Major Improvement Assessments shall have lien priority as specified in the Act.

Section 11. Administrator and Collector of Assessments.

- a. Administrator. The City shall administer the Service and Assessment Plan and the Initial Major Improvement Assessments levied by this ordinance. The City has appointed a third-party administrator (the "Administrator") to administer the Service and Assessment Plan and the Initial Major Improvement Assessments. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this ordinance. The Administrator's fees, charges and expenses for providing such services shall constitute an Annual Collection Cost.
- b. Collector. The City shall collect the assessments of the Initial Major Improvement Assessments. The City has entered into an agreement with Galveston County for the collection of the Initial Major Improvement Assessments. The City may also contract with any other qualified collection agent selected by the City or may collect the Initial Major Improvement Assessments on its own behalf. The costs of such collection contracts shall constitute an Annual Collection Cost.

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

Section 13. Severability. If any provision, section, subsection, sentence, clause or phrase of this ordinance, or the application of same to any person or set of circumstances is for

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

Section 14. Effective Date. This ordinance shall take effect, and the levy of the Initial Major Improvement Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective immediately from and after its passage by the City Council of the City of Friendswood, Texas.

INTRODUCED, READ AND PASSED on first and final reading by the affirmative vote of the City Council of the City of Friendswood on this the 4th day of November, 2024.

MIKE FOREMAN, Mayor

ATTEST:

LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney

Friendswood City Center Public Improvement District

SERVICE AND ASSESSMENT PLAN

NOVEMBER 4, 2024



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section”, “Exhibit” or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On January 8, 2024, the City passed and approved Resolution No. R2024-01 authorizing the establishment of the District in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 106.472 acres located within the City, as described by the legal description on **Exhibit K** and depicted on **Exhibit A**.

The PID Act requires a Service Plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements and including a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Assessment Rolls are contained in **Exhibit G-1 and Exhibit G-2**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Owner[s], (either directly or through affiliates), including : (1) the costs for the design, planning, administration/management, acquisition, installation, construction and/or implementation and dedication of such Authorized Improvements; (2) the fees paid for obtaining permits, zoning, licenses, plan approvals, inspections or other governmental approvals for such Authorized Improvements; (3) the costs for external professional services, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) the costs for all labor, bonds, and materials, including equipment and fixtures, owing to contractors, builders, and materialmen engaged in connection with the acquisition, construction, or implementation of the Authorized Improvements; (5) all related permitting and public approval expenses, and architectural, engineering, legal, consulting, and other governmental fees, construction security, insurance premiums, directly related to the construction of the Authorized Improvements, and charges and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Owner[s].

“Additional Interest” means the amount collected by application of the Additional Interest Rate. Additional Interest shall be collected only if the balance in the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds and is not charged on the Reimbursement Obligation until such Reimbursement Obligation is financed through Additional Major Improvement Bonds.

“Additional Interest Rate” means the 0.50% additional interest rate that may be charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act.

“Additional Major Improvement Annual Installment” means the Annual Installment of the Additional Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if applicable; and (4) the pro rata portion of the Annual Collection Costs based on outstanding Additional Major Improvement Assessments, as shown on **Exhibit G-2**. The principal and interest amount of the Additional Major Improvement Assessment may be reduced by a portion of the TIRZ Annual Credit Amount, pursuant to Section V.

“Additional Major Improvement Assessments” means an assessment levied against the Assessed Property for the Additional Major Improvements and imposed pursuant to an Assessment Ordinance and the provisions hereof, as shown in the Additional Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions

set forth in **Section VI** herein and the PID Act, which Additional Major Improvement Assessments secure the Reimbursement Obligation.

"Additional Major Improvement Assessments Trigger Date" means that date upon which the Additional Major Improvement Assessments become due and payable which is the earlier of (i) the date on which the first bill is sent with the Additional Major Improvement Assessment subsequent to the issuance of PID Bonds secured by the Additional Major Improvement Assessments are issued and (ii) the date the first bill is sent with the Additional Major Improvement Assessment which date shall be no later than two years after the date on which the Assessment Ordinance levying the Additional Major Improvement Assessments is adopted.

"Additional Major Improvements" means those certain Authorized Improvements, the costs of which are allocated to the Additional Major Improvements Assessments, as described in **Section III.B** and shown on **Exhibit B-1**.

"Additional Major Improvement Bonds" means those certain "City of Friendswood Special Assessment Revenue Bonds" (Friendswood City Center Public Improvement District Additional Major Improvements Project) that are secured by the Additional Major Improvement Assessments.

"Additional Major Improvements Assessment Roll" means the assessment roll for the Assessed Property of the Additional Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Additional Major Improvements Assessment Roll is included as **Exhibit G-2**.

"Administrator" means the City or independent firm designated by the City who shall have the responsibilities provided in this Service and Assessment Plan, any Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrar and

Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year may be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment on an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable. The principal and interest amount of an Annual Installment may be reduced by the TIRZ Annual Credit Amount.

“Annual Service Plan Update” means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

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

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

“Assessment Roll” means any assessment roll for the for the Assessed Property, including the Initial Major Improvements Assessment Roll and Additional Major Improvements Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Assessment Rolls are included as **Exhibit G-1** and **Exhibit G-2**.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, including Initial Major Improvements, the Additional Major Improvements, First Year Annual Collection Costs, and Bond Issuance Costs (if appropriate), as described in **Section III**, as shown on **Exhibit B-1**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees

charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of any series of PID Bonds.

“City” means the City of Friendswood, Texas.

“City Council” means the governing body of the City.

“City Contribution” means \$5,000,000 of City of Friendswood lawfully available funds expended by the City to pay a portion of the total costs of the Detention Improvements.

“Condo Regime” means a form of real property ownership that combines separate ownership of individual “units” with common ownership of other units.

“County” means Harris County, Texas.

“Delinquency and Prepayment Reserve Account” means the funds established pursuant to an Indenture where the Additional Interest will be deposited.

“Delinquent Collection Costs” means costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“Detention Improvements” means those Authorized Improvements consisting of drainage and detention facilities and improvements as set forth in Section III hereof.

“Development Agreement” means that certain Friendswood City Center Development Agreement between the Developer and the City dated January 22, 2024.

“Developer” means Madison Development Corporation, LLC, a Texas limited liability company and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“District” means the Friendswood City Center Public Improvement District containing approximately 106.472 acres located within the City, as generally depicted on **Exhibit A**, and described on **Exhibit K**.

“Engineer’s Report” means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

“Estimated Buildout Value” means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with builders, reports from third

party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

“Fire Station” means the fire station to be located within the District and as further described in the Development Agreement.

“First Year Annual Collection Costs” means the Annual Collection Costs associated with the first year of the District.

“Indenture” means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

“Initial Major Improvements” means those certain Authorized Improvements, the costs of which are allocated to the Initial Major Improvements Assessments, as described in **Section III.A** and shown on **Exhibit B-1**.

“Initial Major Improvement Annual Installment” means the Annual Installment of the Initial Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if applicable and; (4) the pro rata portion of the Annual Collection Costs based on the outstanding Initial Major Improvement Assessments as shown on **Exhibit G-1**. The principal and interest amount of the Initial Major Improvement Assessment may be reduced by a portion of the TIRZ Annual Credit Amount, pursuant to Section V.

“Initial Major Improvement Assessment Roll” means the assessment roll for the Assessed Property of the Initial Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Additional Major Improvements Assessment Roll is included as **Exhibit G-1**.

“Initial Major Improvement Assessments” means an assessment levied against the Assessed Property for the Initial Major Improvements and imposed pursuant to an Assessment Ordinance and the provisions hereof, as shown in the Initial Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and the PID Act, which Initial Major Improvement Assessments secure the Initial Major Improvement Bonds.

“Initial Major Improvement Bonds” means those certain “City of Friendswood Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) that are secured by the Initial Major Improvement Assessments.

“Initial Parcel” means all of the Assessed Property within the District against which the entire

Initial Major Improvement Assessments and the Additional Major Improvement Assessments for the District are levied, as shown on the Assessment Roll attached as **Exhibit G-1**.

“Landowner Consent” means any “Landowner Consent” effective as of the date of each Assessment levy delivered by each landowner of Assessed Property at the time of an Assessment levy.

“Lot” means (1) for any portion of the District for which a final subdivision plat has been recorded in the Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; (2) a tract of land is described as a “lot” in a recorded instrument containing covenants, restrictions, and/or conditions for any portion of the District; (3) for any portion of the District for which a subdivision plat has not been recorded in the Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat; and (4) if a Condo Regime has been filed for any portion of the District, any unit of ownership included within the Condo Regime. A “Lot” may also include a tract of land upon which a condominium will be impressed creating condominium units but shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded Subdivision Plat or condominium unit.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g., lot size, land use classification, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council.

“Lot Type 1” means Assessed Property intended for use as inline retail or food retail within the District, as provided by the Owner. The buyer disclosures for Lot Type 1 is attached as **Appendix B**.

“Lot Type 2” means Assessed Property intended for mixed use within the District, as provided by the Owner. The buyer disclosure for Lot Type 2 is attached as **Appendix B**.

“Lot Type 3” means Assessed Property intended for use as a hotel within the District, as provided by the Owner. The buyer disclosure for Lot Type 3 is attached as **Appendix B**.

“Lot Type 4” means Assessed Property intended for use as office/medical space within the District, as provided by the Owner. The buyer disclosure for Lot Type 4 is attached as **Appendix B**.

“Lot Type 5” means Assessed Property intended to be developed as multi-family housing with a corridor of retail within the District, as provided by the Owner. The buyer disclosure for Lot Type 5 is attached as **Appendix B**.

“Maximum Assessment” means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) the amount shown on **Exhibit E**.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“Notice of PID Assessment Termination” means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit I**.

“Owner” or **“Owners”** means Madison Development Corporation, LLC, Lone Star Campus R1, LLC, Tima Holdings, LLC, Hill Gage Development Corporation, LLC, and Ajay K. Jain and any successors or assigns thereof.

“Parcel” or **“Parcel(s)”** means a specific property within the District identified by either a tax parcel identification number assigned by the Harris Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

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

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

“Prepayment” means the payment of all or a portion of an Assessment before the due date of the final Annual Installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

“Prepayment Costs” means interest, including Annual Collection Costs, to the date of Prepayment.

“Recorded Declaration” means the Declaration filed and recorded in the official public records of the County.

“Reimbursement Agreement” means the Friendswood City Center Public Improvement District Reimbursement Agreement between the City and the Developer dated November 4, 2024 pursuant to which the City agrees to levy the Additional Major Improvement Assessments on the Assessed Property in the District and all or a portion of such Additional Major Improvement Assessments are paid to the Developer to reimburse the Actual Costs of the Additional Major Improvements.

“Reimbursement Obligation” means the principal amount not to exceed \$17,822,000 to be paid to the Developer for the costs of the Additional Major Improvements pursuant to the Reimbursement Agreement, which amount is secured by the Initial Major Improvement Assessments.

“Service and Assessment Plan” means this Friendswood City Center Public Improvement District Service and Assessment Plan, as updated, amended, or supplemented from time to time.

“Service Plan” means the plan that defines the annual indebtedness and projected costs of the Authorized Improvements, and covers a period of at least five years, more specifically described in **Section IV**.

“TIRZ” means Reinvestment Zone Number One, City of Friendswood.

“TIRZ Administrative Costs” means those reasonable costs paid or incurred by or on behalf of the City to create and/or administer the TIRZ.

“TIRZ Agreement” means the TIRZ Agreement – Friendswood City Center PID, effective as of [DATE].

“TIRZ Annual Credit Amount” is defined in **Section V.E**, which amount shall not annually exceed the TIRZ Maximum Annual Credit Amount, and which shall be transferred from the TIRZ Fund to the applicable pledged revenue fund pursuant to the TIRZ Project Plan.

“TIRZ Fund” means the tax increment fund created pursuant to the TIRZ Ordinance where TIRZ Revenues are deposited annually.

“TIRZ Maximum Annual Credit Amount” means for each Lot Type, the amount of TIRZ Revenues that results in an equivalent tax rate of \$2.34 per \$100 of assessed value for such Lot Type taking into consideration the tax rates of all applicable overlapping taxing units and the equivalent tax rate of each applicable Assessment levied on each Lot Type, based on Estimated Buildout Value at the time the City Council approves each Assessment Ordinance levying each respective Assessment, as shown on **Exhibit F**. the Estimated Buildout Value per Lot Type is shown on **Exhibit E**.

“TIRZ Ordinance” means Ordinance No. 2023-31 adopted by the City Council on December 4, 2023, which approved the creation of Reinvestment Zone Number One and authorized the use of TIRZ Revenues for project costs under the Chapter 311, Texas Tax Code, as amended, and related to certain public improvements as provided in the TIRZ Project Plan.

“TIRZ Project Plan” means the Reinvestment Zone Number One, City of Friendswood Final Project and Reinvestment Zone Financing Plan, as periodically amended and updated.

“TIRZ Revenues” mean, for each year, the amounts which are deposited in the TIRZ Fund pursuant to the Development Agreement, the TIRZ Ordinance, and TIRZ Project Plan.

“Trustee” means the trustee or successor trustee under an Indenture.

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SECTION II: THE DISTRICT

The District includes approximately 106.472 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K**, and depicted on **Exhibit A**. Development of the District is anticipated to include approximately 76,408 square feet of building space as inline retail or food retail (Lot Type 1), 268,800 square feet of building space as mixed use (Lot Type 2), an approximately 115 keys hotel with convention space (Lot Type 3), 194,050 square feet of office/medical building space (Lot Type 4), and approximately 750,000 square feet of multifamily that includes a corridor of retail (Lot Type 5).

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City unless otherwise noted. The budget for the Authorized Improvements is shown on **Exhibit B-1**.

A. Initial Major Improvements

I. Roadway Improvements

▪ *FM 528 Traffic Improvements*

Signalization improvements at F.M. 528 and Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications. Includes the addition of a southbound left turn lane on Townes Rd. to balance the new (widening) approach to F.M. 528 northbound from the new development.

Includes signalization improvements at F.M. 528 and Blackhawk Blvd. consisting of upgrades to the existing traffic signal to full operation to current Texas Department of Transportation specifications with a new south leg of the intersection, and addition of southbound left turn lane at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd. to balance the new widening approach to F.M. 528 for access management purposes. The signalization improvements will be owned and operated by the TxDOT and will provide benefit to each Lot within the District.

- *Phase 1 Blackhawk Boulevard Improvements*

Improvements include 4 lane arterial street construction to serve as an extension of the existing Blackhawk Boulevard from F.M. 528 to the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard and includes the construction of the roundabout. The extension will provide connection to Larrabee Way, as well as multiple local streets and is calculated to be approximately 3,512 square yards of roadway construction. Also includes the addition of a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to F.M. 528 for access management purposes. The Phase 1 Blackhawk Boulevard Improvements will provide benefit to each lot within the District.

- *Phase 1 Townes Road Improvements*

Includes the construction of 4,276 square yards of reinforced concrete street to include subgrade and a roundabout at the intersection of Townes Road and Larrabee Way, that serves as a continuation of the existing Townes Road located north of F.M. 528. The construction of the new section will begin at F.M. 528 and terminates at Larrabee Way at the southern end of the roundabout at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Madison Avenue Improvements*

Includes the construction of 1,543 square yards of a reinforced concrete street to include subgrade that will provide 2 travel lanes beginning at F.M. 528 and terminating at the 4-way stop at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Larrabee Way Improvements*

Includes the construction of 2 lanes, 12,275 square yards, of a reinforced concrete street to include subgrade which will transverse perpendicular to Madison Avenue and includes a 4-way stop at the intersection of Madison Avenue and Larrabee Way. The street improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 1 Earthwork, Paving and Grading*

Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the Phase 1 Storm Drainage improvements, Detention Pond 1 and Detention Pond 2, along with the hauling and removal of dirt. In addition, there

will be sidewalk improvements for the benefit of walkability within the site, as well as better access from F.M. 528 for pedestrian traffic. Only a portion of the cost of earthwork, paving and grading will be funded by the Initial Major Improvement Assessment. The remaining costs will be paid from the City Contribution.

III. Clearing, Grubbing and Demolition

- *District Clearing, Grubbing and Demolition*

Includes light and heavy clearing for the construction and installation of the Initial Major Improvements to include heavy clearing for the construction of Detention Pond 1, along with the removal and disposal of 3" public force main and 12" public water line. The improvements are necessary for the construction of the Initial Major Improvements and will provide benefit to each Lot within the District. A portion of the costs of Clearing, Grubbing and Demolition is being funded with the City Contribution and approximately 27.07% of the costs of such improvements (\$873,609) is apportioned to the District as part of the Initial Major Improvements.

IV. Detention Improvements

- *Detention Pond 1*

Improvements Include the excavation and construction of Detention Pond 1, a 4' retaining wall cast in place, an 8' retaining wall cast in place, installation of a backslope interceptor and swale, application of fertilizer seeds for stabilization, dewatering, sheet piling, riprap, collection screen structure and haul and disposal of utility spoils. The Detention Pond 1 Improvements will provide benefit to each Lot within the District.

- *Detention Pond 2*

Improvements include the excavation and construction of Detention Pond 2, installation of a backslope interceptor and swale, and application of hydro mulch for stabilization. The Detention Pond 2 Improvements will provide benefit to each Lot within the District. A portion of the costs of Detention Pond 2 are being funded by the City Contribution and approximately 68.79% of the costs of such improvements (\$11,020,226) is apportioned to the District as part of the Initial Major Improvements.

- *Phase 1 Storm Drainage*

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from F.M. 528 and terminating at the point of the proposed bridge connection at Blackhawk Boulevard. The improvements will provide a benefit to all

Lots within the District.

V. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Initial Major Improvements.

VI. Soft Costs

Costs related to designing, constructing, and installing the Initial Major Improvements including land planning and design, engineering, soil testing, consultant fees, project coordination, and survey. A portion of the soft costs are being funded by City Contribution and approximately 4.84% of the costs of such Initial Major Improvements (\$83,010) is apportioned to the Initial Major Improvements within the District.

B. Additional Major Improvements

I. Roadway Improvements

▪ *Phase 2 Blackhawk Boulevard Improvements*

Improvements include the continuation of the extension of the Phase 1 Blackhawk Boulevard Improvements, consisting of 17,711 square yards of reinforced concrete street and subgrade, from the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard to West Bay Area Boulevard. Additionally, the improvements include the construction of a 4-lane bridge with 2 lanes for east and west bound on Blackhawk Boulevard. The Phase 2 Blackhawk Boulevard Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Townes Road Improvements*

Improvements include the construction of 4,723 square yards of reinforced concrete street and subgrade to serve as a continuation of the Phase 1 Townes Road Improvements from the roundabout at Larrabee Way and terminating at Bennett Boulevard. The Phase 2 Townes Road Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Madison Avenue Improvements*

Improvements include the continuation of construction of reinforced concrete street, 3,114 square yards, and subgrade from the 4-way stop at Larrabee Way to the roundabout at Bennett Boulevard. The Phase 2 Madison Avenue Improvements will provide benefit to each Lot within the District.

- *Bennett Boulevard Improvements*

Improvements include the construction of 2 travel lanes, 11,728 square yards, eastward and 2 travel lanes westward of reinforced concrete street and subgrade to include a roundabout that terminates to the south where the right-of-way ends the multi-family development begins. The Bennett Boulevard Improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 2 Earthwork, Paving and Grading*

Improvements to include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the phase 2 storm drainage improvements, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site as well as sidewalk improvements to improve foot traffic from Clear Creek Independent School District property to the Northwest to Blackhawk Blvd. and West Bay Area Boulevard. The street improvements will provide benefit to each Lot within the District. A portion of the Phase 2 Earthwork, Paving and Grading is being funded by the City Contribution and approximately 63.49% of the costs of such improvements (\$412,543) is apportioned to the District as part of the Additional Major Improvements.

III. Water Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances required to provide water service to all Lots within the District.

There will be a water line constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a water line along Townes Rd. and Bennert Blvd. Larrabee Way will have a water line running across connecting the water lines on Townes Rd. and Blackhawk Blvd. The water improvements will provide benefit to each Lot within the District.

IV. Wastewater Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, testing,

and all necessary appurtenances constructed to the City of Friendswood standards required to provide wastewater service to all Lots within the District.

Construction will consist of wastewater lines on Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from a wastewater line to a wastewater line tying into the manhole on West Bay Area Blvd. In addition to new proposed wastewater lines, there will be improvements to the existing force main running through the site, as well as relocation of an existing City-owned force main. The wastewater improvements will provide benefit to each Lot within the District.

- *Sanitary Sewer Lift Station*

Includes a proposed Sanitary Lift Station that includes a tie into the manhole on West Bay Area Blvd. An existing 8" sanitary sewer line and sanitary lift station that currently service Clear Creek Community Church will be abandoned, and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center sanitary sewer system near the Blackhawk Blvd. and F.M. 528 connection. The Sanitary Sewer Lift Station will provide a benefit to each Lot within the District.

- V. Phase 2 Storm Drainage

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from the proposed bridge connection at Friendswood Link Road running south along Blackhawk Boulevard to West Bay Area Boulevard. The Phase 2 Storm Drainage improvements will provide a benefit to each Lot within the District.

- VI. Landscaping, Parks and Public Amenities

Improvements include walking and bike trails that are constructed of decomposed granite pavement with concrete edges. The trail will include rest areas with park benches and lighting at key viewing locations. Additionally, the park will also have a few bird blinds, wayfinding graphics, bath, and parking facilities. The area will be landscaped with native vegetation and wetland grasses. As the walking and bike trails extend into the urban area, it will connect to a concrete and paver path that will include park benches and pedestrian lighting. The trail will provide a continuous and accessible route to all the buildings within the District. Landscape along the trail will be a blend of seasonal color plants and regional vegetation that complies with the City landscaping requirements. The Landscaping, Parks and Public Amenities will provide a benefit to each Lot within

the District.

VII. Fire Station

Improvements include the construction of a fire station for use by the City of Friendswood for the benefit of the public that will be constructed along phase 2 of the Blackhawk Blvd. expansion. 87.96% of the Fire Station is being funded by other lawfully available revenues of the City. 12.04% is apportioned to the District, as part of the Additional Major Improvements, pro rata based on estimated assessed value, as detailed on **Exhibit B-2**.

VIII. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Additional Major Improvements.

IX. Soft Costs

Costs related to designing, constructing, and installing the Additional Major Improvements including land planning and design, City fees, inspection fees, engineering, soil testing, geotechnical engineering, and survey.

C. Bond Issuance Costs

- *Delinquency and Prepayment Reserve Account*

Equals the amount to be deposited in the Delinquency and Prepayment Reserve Account under an Indenture in connection with the issuance of the Initial Major Improvement Bonds and any PID Bonds issued to finance the Additional Major Improvements.

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of Initial Major Improvement Bonds and any PID Bonds issued to finance the Additional Major Improvements.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest on the Initial Major Improvement Bonds and any other series of PID Bonds under an applicable Indenture.

- *Underwriter's Discount*

Equals a percentage of the par amount of the Initial Major Improvement Bonds related to the costs of underwriting Initial Major Improvement Bonds and a percentage of par of any future series of PID Bonds issued to finance the Additional Major Improvements.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of any PID Bonds.

D. Other Costs

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

- *District Formation Expenses*

Equals the amount necessary to fund the district formation costs, to include legal fees and consultant fees, incurred and paid by the Owner and apportioned equally to both the Initial Major Improvements and the Additional Major Improvements.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update to show any budget revisions and the amount required to fund the required reserves and issue each series PID Bonds at the time such PID Bonds are issued.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Owner, Developer, and all future owners and developers of the Assessed Property.

A. Assessment Methodology

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs of the Authorized Improvements shall be allocated to each Assessed Property pro rata based on Estimated Buildout Value. Currently, the Initial Parcel is the only Parcel within the District, and as such, the Initial Parcel is allocated 100% of the costs of the Authorized Improvements, which costs are allocated between the Initial Major Improvements Assessments and the Additional Major Improvements Assessments. Upon subdivision of an Assessed Property, the Actual Costs of the Authorized Improvements shall be reallocated based on Estimated Buildout Value as further described in **Section VI**.

B. Assessments

The Initial Major Improvements Assessments will be levied on the Initial Parcel in the amounts shown on the Initial Major Improvements Assessment Roll, attached hereto as **Exhibit G-1**. The Additional Major Improvements will be levied on the Initial Parcel in the amounts shown on the Additional Major Improvements Assessment Roll attached hereto as **Exhibit G-2**. The Annual Installments of the Initial Major Improvement Assessments and the Annual Installments of the Additional Major Improvement Assessments are shown on **Exhibit G-3**. Upon division or subdivision of the Initial Parcel, the Initial Major Improvement Assessment and Additional Major Improvement Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessments for Lots classified as Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, and Lot Type 5, respectively, exceed the corresponding Maximum Assessment for each Lot Type classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- The estimated Actual Costs of the Authorized Improvements equal \$65,858,695 as shown on **Exhibit B-1**;
- The Initial Parcel will be allocated 100% of the Assessment levied for the Authorized Improvements (which Assessments include the Initial Major Improvement Assessments and the Additional Major Improvements Assessments), which equals \$55,322,000 as shown on the Assessment Rolls attached hereto as **Exhibit G-1** and **Exhibit G-2**;

- The special benefit (\$65,858,695) received by the Initial Parcel from the Authorized Improvements is equal to or greater than the amount of the Assessment (\$55,322,000) levied on the Initial Parcel for the Authorized Improvements; and
- At the time the City Council approved the Service and Assessment Plan, the Owners owned 100% of the Initial Parcel. The Owners acknowledged that the Authorized Improvements confer a special benefit on the Initial Parcel and consented to the imposition of the Assessment to pay for the Actual Costs associated therewith. The Owners ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Assessment on the Initial Parcel.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs 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.

E. Additional Interest

The interest rate on Assessments securing PID Bonds may exceed the interest rate on such PID Bonds by the Additional Interest Rate. Additional Interest shall be collected on the Initial Major Improvement Assessments if the Delinquency and Prepayment Reserve Account falls below 2.5% of outstanding bond par. Additional Interest will not be collected on the Additional Major Improvement Assessments until the issuance of PID Bonds secured by the Additional Major Improvement Assessments, and at such time will be collected pursuant to the terms of the applicable Indenture.

F. TIRZ Annual Credit Amount

The City Council, in accordance with the TIRZ Project Plan, has agreed to use a portion of TIRZ Revenues generated from each Assessed Property to offset a portion of the principal and interest of the Assessments, as applicable.

1. The principal and interest portion of the Initial Major Improvement Annual Installment for an Assessed Property shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Assessed Property for the previous Tax Year (e.g. TIRZ Revenue collected

from the Assessed Property for Tax Year 2025 shall be applied as the TIRZ Annual Credit Amount applicable to the Assessed Property's Initial Major Improvement Annual Installment collected in Tax Year 2026), but in no event shall the TIRZ Annual Credit Amount exceed the TIRZ Maximum Annual Credit Amount shown in **Section V.E.2** as calculated on **Exhibit F** for each Assessed Property.

2. The TIRZ Maximum Annual Credit Amount available to reduce the principal and interest portion of the Initial Major Improvement Annual Installment for an Assessed Property is calculated for each Lot Type, as shown on **Exhibit F**. The TIRZ Maximum Annual Credit Amount is calculated so that the average Initial Major Improvement Annual Installment minus the TIRZ Maximum Annual Credit Amount for each Lot Type does not produce an equivalent tax rate for such Lot Type which exceeds the competitive, composite equivalent ad valorem tax rate (\$2.34 per \$100 of assessed value) taking into consideration the 2024 tax rates of all applicable overlapping taxing units and the equivalent tax rate of the Initial Major Improvement Annual Installment based on the Estimated Buildout Values at the time Assessment Ordinance is approved. The resulting TIRZ Maximum Annual Credit Amount for each Lot Type is shown on **Exhibit F**. The TIRZ Maximum Annual Credit Amount will not be used to reduce the principal and interest on the Additional Major Improvement Assessment.
3. After the TIRZ Annual Credit Amount is applied to provide a credit towards the principal and interest portion of the Initial Major Improvement Annual Installment for the Assessed Property, any excess TIRZ Revenues available from the TIRZ Fund shall be applied pursuant to the TIRZ Project Plan.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this **Section VI** shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat or Declaration

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property
 B = the Assessment for the Assessed Property prior to division
 C = the Estimated Buildout Value of the newly divided Assessed Property
 D = the sum of the Estimated Buildout Value for all the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Owner, relying on information from builders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for each Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

2. Upon Subdivision by a Recorded Subdivision Plat or Recorded Declaration

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot
 B = the Assessment for the Parcel prior to subdivision
 C = the sum of the Estimated Buildout Value of all newly subdivided Lots with same Lot Type
 D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefitted Property
 E = the number of newly subdivided Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat or recorded declaration. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Owner, builders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for each Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

3. Upon Consolidation

If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B.**

B. True-Up of Assessments if Maximum Assessment Exceeded

Upon submission of a preliminary plat and/or site plan by the Owner to the City, the Owner shall provide the City the gross building square footage and use type for land included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The Administrator will review the preliminary plat and/or site plan to determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the Administrator determines the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the City issuing any building permit for any such Lot described in the reviewed preliminary plat or site plan, the Owner will make a Prepayment in an amount sufficient to reduce the Assessment for each Lot within such preliminary plat and/or site plan to the Maximum Assessment. The City's approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts does not eliminate the obligation of the Owner to pay such amounts.

By way of illustration, if a block is initially anticipated to contain 1,000 square feet of commercial property subject to a Maximum Assessment of \$10 per square foot, the block would initially be allocated a total Assessment of \$10,000. If the Developer then submits to the City and Administrator a Preliminary Site Plan showing only 800 square feet of commercial property on said block, the Owner will be required to make or cause to be made a Prepayment in an amount sufficient to reduce the Assessment allocated to said block to the Maximum Assessment of \$10 per square foot, which is calculated using the following formula:

$$A = B - (C * D)$$

Where the terms have the following meanings:

A = the Prepayment amount

B = the Assessment originally allocated to the Assessed Property

C = the number of units in the Assessed Property per the Preliminary Site Plan

D = the Maximum Assessment per unit

	Square Footage	Assessment	Assessment per Square Foot ^[a]
Initially Anticipated:	1,000	\$ 10,000.00	\$ 10.00
Site Plan:	800	\$ 10,000.00	\$ 12.50
Post-Prepayment ^[b] :	800	\$ 8,000.00	\$ 10.00

Footnotes:

[a] The Maximum Assessment per square foot is \$10.00.

[b] The Mandatory Prepayment amount required in this example to reduce the Assessment per square foot back down to the Maximum Assessments of \$10.00 is \$2,000.00

(10,000-(800*10) = 2,000).

C. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefitted Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefitted Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer; provided that, however, such mandatory Prepayment of the Assessment shall not be required for portions of a Parcel that are dedicated or conveyed to the City, a property owner association, any other governmental entity or utility provider for use as internal roads, utilities, parks, drainage and detention facilities, and other similar public improvements, in which case the Assessment that was allocated to the Parcel will be reallocated to the remainder of the Parcel. If a reallocation to the remainder of the Parcel as

provided in the foregoing sentence causes the Assessment for such remainder to exceed the Maximum Assessment, the owner of the remainder of the Parcel must partially prepay the Assessment to the extent it exceeds the Maximum Assessment in an amount sufficient to reduce the Assessment to the Maximum Assessment.

D. Reduction of Assessments

If the Actual Costs of completed Initial Major Improvements are less than the Initial Major Improvement Assessments, then (i) in the event Initial Major Improvement Bonds have not been issued for the purpose of financing the Initial Major Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Initial Major Improvement Assessment, on a pro rata basis, such that the sum of the resulting reduced Initial Major Improvement Assessments for all Initial Major Improvement Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that Initial Major Improvement Bonds have been issued for the purpose of financing the Initial Major Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to the Initial Major Improvement Bonds as directed by the City pursuant to the terms of such Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as the Initial Major Improvement Assessments. Such excess Initial Major Improvement Bond proceeds may be used for any purpose authorized by such Indenture. The Initial Major Improvement Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Initial Major Improvement Bonds.

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

If the Actual Costs of completed Additional Major Improvements are less than the Additional Major Improvement Assessments, then (i) in the event Additional Major Improvement Bonds have not been issued for the purpose of financing the Additional Major Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Additional Major Improvement Assessment, on a pro rata basis, such that the sum of the resulting reduced Additional Major Improvement Assessments for all Additional Major Improvement Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that Additional Major Improvement Bonds have been issued for the purpose of financing the Additional Major Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to the Additional Major Improvement Bonds as directed by the City pursuant to the terms of such

Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as the Additional Major Improvement Assessments. Such excess Additional Major Improvement Bond proceeds may be used for any purpose authorized by such Indenture. The Additional Major Improvement Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Additional Major Improvement Bonds.

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

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the applicable Assessment Rolls revised accordingly; (2) the Administrator shall prepare the revised Assessment Rolls and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to reflect the amount of the Assessment remaining after such partial prepayment on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit G-3** shows the estimated Annual Installments including both the Initial Major Improvement

Assessment and the Additional Major Improvement Assessment. Annual Installments are subject to adjustment in each Annual Service Plan Update.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments may at the discretion of the City be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes to the extent practically possible. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Initial Major Improvement Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2027. The initial Annual Installments of the Additional Major Improvement Assessments shall become delinquent on the first February 1 falling after the Additional Major Improvement Assessments Trigger Date.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (**(the "Remaining Property")**) following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Remaining Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value

requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the applicable Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Assessment on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

SECTION VII: ASSESSMENT ROLL

The Assessment Rolls are attached as **Exhibit G-1** and **Exhibit G-2**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Assessment Rolls and Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such a written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator. Any action by the City Council shall not impair the rights or security for bondholders of the PID Bonds.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure; Filing in Real Property Records

Within seven days of approval by the City Council, the Assessment Ordinance shall be filed and recorded in the real property records of the County. In addition, the City shall similarly file each Annual Service Plan Update approved by the City Council, with each such filing to occur within seven days of the date of each respective Annual Service Plan Update is approved.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Remaining provisions of this Service and Assessment Plan shall remain in effect.

EXHIBITS

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

Exhibit A	District Boundary Map
Exhibit B-1	Project Costs
Exhibit B-2	Fire Station Apportionment of Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E	Maximum Assessment and Tax Rate Equivalent
Exhibit F	TIRZ Maximum Annual Credit Amount
Exhibit G-1	Initial Major Improvement Assessment Roll
Exhibit G-2	Additional Major Improvement Assessment Roll
Exhibit G-3	Annual Installments
Exhibit H	Maps of Initial Major Improvements and Additional Major Improvements
Exhibit I	Form of Notice of PID Assessment Termination
Exhibit J	Debt Service Schedule for Initial Major Improvement Bonds
Exhibit K	District Boundary Description

APPENDICES

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

Appendix A Engineer's Report

Appendix B Buyer Disclosures

EXHIBIT A – DISTRICT BOUNDARY MAP

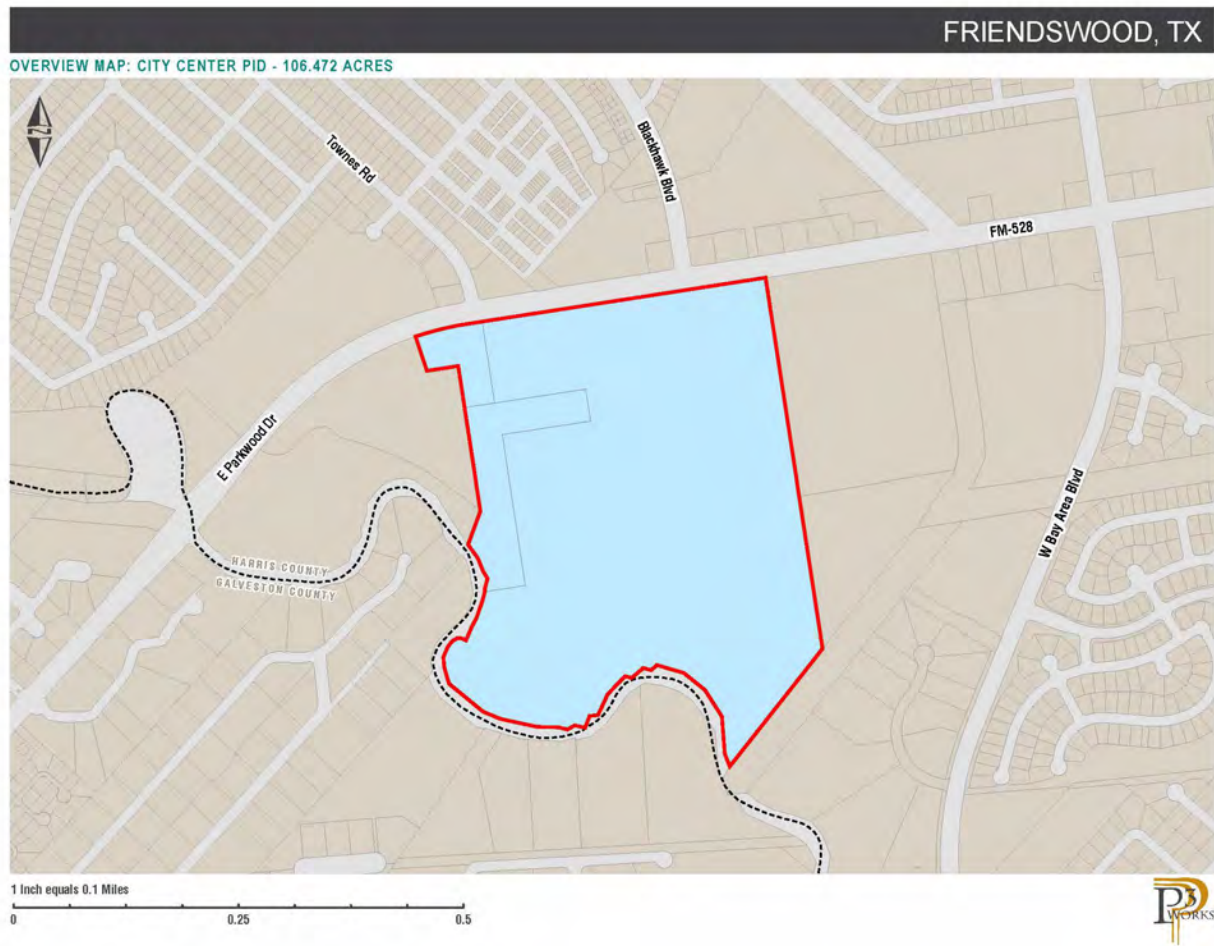


EXHIBIT B-1 – PROJECT COSTS

	Total Costs ^[a]	Non-District Costs ^[b]		District	
		%	\$	%	\$
Initial Major Improvements					
FM 528 Traffic Improvements	\$1,200,000	0.00%	\$ -	100.00%	\$1,200,000
Phase 1 Blackhawk Boulevard Improvements	240,923	0.00%	-	100.00%	240,923
Phase 1 Townes Road Improvements	271,984	0.00%	-	100.00%	271,984
Phase 1 Madison Avenue Improvements	98,159	0.00%	-	100.00%	98,159
Larrabee Way Improvements	817,556	0.00%	-	100.00%	817,556
Phase 1 Earthwork, Paving and Grading	649,796	36.51%	237,253	63.49%	412,543
Clearing, Grubbing and Demolition	3,226,758	72.93%	2,353,150	27.07%	873,609
Detention Pond 1	14,761,896	5.27%	778,095	94.73%	13,983,801
Detention Pond 2	2,018,477	0.00%	-	100.00%	2,018,477
Phase 1 Storm Drainage	5,144,261	0.00%	-	100.00%	5,144,261
Contingency ^[c]	3,695,875	0.00%	-	100.00%	3,695,875
Soft Costs ^[d]	1,714,512	95.16%	1,631,502	4.84%	83,010
	\$ 33,840,197		\$ 5,000,000		\$ 28,840,198
Additional Major Improvements					
Phase 2 Blackhawk Blvd. Improvements	\$3,703,530	0.00%	\$ -	100.00%	\$3,703,530
Phase 2 Townes Rd. Improvements	323,993	0.00%	-	100.00%	323,993
Phase 2 Madison Ave. Improvements	213,654	0.00%	-	100.00%	213,654
Bennett Blvd. Improvements	804,530	0.00%	-	100.00%	804,530
Phase 2 Earthwork, Paving & Grading	1,417,727	0.00%	-	100.00%	1,417,727
Water	1,007,036	0.00%	-	100.00%	1,007,036
Wastewater	862,879	0.00%	-	100.00%	862,879
Sanitary Sewer Lift Station	1,330,700	0.00%	-	100.00%	1,330,700
Phase 2 Storm Drainage	179,101	0.00%	-	100.00%	179,101
Landscaping, Parks and Amenities	5,597,472	0.00%	-	100.00%	5,597,472
Fire Station ^[e]	8,300,000	87.57%	7,268,310	12.43%	1,031,690
Contingency ^[f]	2,141,400	0.00%	-	100.00%	2,141,400
Soft Costs ^[g]	2,981,848	0.00%	-	100.00%	2,981,848
	\$ 28,863,870		\$ 7,268,310		\$ 21,595,560
Initial Major Improvement Bond Issuance Costs					
Delinquency and Prepayment Reserve Fund	\$ 937,500		\$ -		\$ 937,500
Debt Service Reserve Fund	3,201,440		-		3,201,440
Capitalized Interest	4,717,708		-		4,717,708
Underwriter Discount	1,125,000		-		1,125,000
Cost of Issuance	1,875,000		-		1,875,000
	\$ 11,856,648		\$ -		\$ 11,856,648
Additional Major Improvement Bond Issuance Costs ^[h]					
Delinquency and Prepayment Reserve Fund	\$ 445,550		\$ -		\$ 445,550
Debt Service Reserve Fund	1,513,540		-		1,513,540
Underwriter Discount	535,162		-		535,162
Cost of Issuance	891,100		-		891,100
	\$ 3,385,352		\$ -		\$ 3,385,352
District Formation Expenses					
District Formation Expenses	\$ 100,000		\$ -		\$ 100,000
	\$ 100,000		\$ -		\$ 100,000
Other Costs					
Deposit to Administrative Fund	\$ 80,000		\$ -		\$ 80,000
	\$ 80,000		\$ -		\$ 80,000
Total	\$ 78,126,067		\$ 12,268,310		\$ 65,857,757

Footnotes:

[a] Costs were determined by the Engineer's Report attached hereto as **Appendix A**.

[b] Funding for the Non-District Costs are being provided by other lawfully available revenue of the City and will not reimbursed by the PID Bonds, Initial Major Improvement Assessments or Additional Major Improvement Assessments.

[c] Calculated at 13% of hard construction costs for the Initial Major Improvements as approved by the City.

[d] Includes professional services fees related to drainage and flood mitigation, Land Planning, Design, Engineering, Geotechnical Engineering, and Surveying for the Initial Major Improvements.

[e] Apportionment of Costs for the Fire Station is based on the estimated Assessed Valuation for the District as a percentage of the City's 2023 Assessed Valuation.

[f] Calculated at 13% of hard construction costs for the Additional Major Improvements as approved by the City.

[g] Includes professional services fees related to Engineering, Geotechnical Engineering, Surveying, Land Planning and Design of the Additional Major Improvements.

[h] Preliminary estimates. Actual costs will be determined at the time of bond issuance for the Additional Major Improvements.

EXHIBIT B-2 – FIRE STATION – APPORTIONMENT OF COSTS

Entity	Estimated Assessed Valuation ¹	Fire Station Improvements ²		Total Apportionment to District ¹
		%	Costs	
City	5,401,437,619	87.56%	\$ 7,267,480	
District	767,145,099	12.44%	\$ 1,032,520	\$ 1,032,520
Total	\$ 6,168,582,718	100.00%	\$ 8,300,000	

Footnotes:

1)The District estimated Taxable Valuation is estimated by the Developer and the City's 2024 estimated Taxable Valuation is per the City on September 17, 2024.

2) The Fire Station Improvements are apportioned based on the estimated Taxable Valuation for the District as a percentage of the of City's 2024 estimated Taxable Valuation.

EXHIBIT C – SERVICE PLAN

		District				
Annual Installments Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
<i>Initial Major Improvement Bonds</i>						
Principal		\$ -	\$ -	\$ 438,000	\$ 469,000	\$ 504,000
Interest ^[a]		2,092,708	2,625,000	2,625,000	2,594,340	2,561,510
Capitalized Interest		(2,092,708)	(2,625,000)	-	-	-
	(1)	\$ -	\$ -	\$ 3,063,000	\$ 3,063,340	\$ 3,065,510
Additional Interest ^[b]	(2)	\$ 187,500	\$ 187,500	\$ 187,500	\$ 185,310	\$ 182,965
<i>Additional Major Improvements Reimbursement Obligation</i>						
Principal		\$ -	\$ -	\$ 266,000	\$ 282,000	\$ 298,000
Interest ^[c]		-	-	1,247,540	1,228,920	1,209,180
	(3)	\$ -	\$ -	\$ 1,513,540	\$ 1,510,920	\$ 1,507,180
Annual Collection Costs	(4)	\$ -	\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595
Total Annual Installments	(5) = (1) + (2) + (3) + (4)	\$ -	\$ 81,600	\$ 4,659,772	\$ 4,659,157	\$ 4,659,285

Footnotes:

[a] Calculated at the rate on the Series 2024 Bonds plus Additional Interest.

[b] Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of outstanding bond par.

[c] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on the Bonds plus the Additional Interest.

EXHIBIT D – SOURCES AND USES OF FUNDS

	Initial Major Improvements	Additional Major Improvements	Total
Sources of Funds			
Initial Major Improvement Bonds	\$ 37,500,000	\$ -	\$ 37,500,000
Additional Major Improvement Reimbursement Obligation ^[a]	-	17,822,000	\$ 17,822,000
Non-District Sources ^[b]	5,000,000	7,268,310	12,268,310
Owner Contribution ^[c]	3,291,846	7,243,911	10,535,757
Total Sources of Funds	\$ 45,791,846	\$ 32,334,221	\$ 78,126,067
Uses of Funds			
Major Improvements	\$ 28,840,198	\$ 21,595,560	\$ 50,435,757
Non-PID Improvements	\$ 5,000,000	\$ 7,268,310	\$ 12,268,310
Total Improvements	\$ 33,840,197	\$ 28,863,870	\$ 62,704,067
<i>Initial Major Improvement Bond Issuance Costs</i>			
Delinquency and Prepayment Reserve Fund	\$ 937,500	\$ -	\$ 937,500
Debt Service Reserve Fund	3,201,440	-	3,201,440
Capitalized Interest	4,717,708	-	4,717,708
Underwriter Discount	1,125,000	-	1,125,000
Cost of Issuance	1,875,000	-	1,875,000
	\$ 11,856,648	\$ -	11,856,648
<i>Additional Major Improvement Bond Issuance Costs^[d]</i>			
Delinquency and Prepayment Reserve Fund	\$ -	\$ 445,550	\$ 445,550
Debt Service Reserve Fund	-	1,513,540	1,513,540
Underwriter Discount	-	535,162	535,162
Cost of Issuance	-	891,100	891,100
	\$ -	3,385,352	3,385,352
<i>District Formation Expenses</i>			
District Formation Expenses	50,000	50,000	100,000
	\$ 50,000	50,000	100,000
<i>Other Costs</i>			
Deposit to Administrative Fund	45,000	35,000	80,000
	\$ 45,000	\$ 35,000	\$ 80,000
Total Uses of Funds	\$ 45,791,846	\$ 32,334,221	\$ 78,126,067

Footnotes:

[a] Remaining reimbursement to the developer pursuant to the Reimbursement Agreement that shall be paid with Annual Installments of Additional Major Improvement Assessments or may be financed by the issuance of future PID Bonds.

[b] Non-District sources are lawfully available revenue of the City to be contributed to pay or reimburse certain costs of the Authorized Improvements and will not be utilized to buydown the Initial Major Improvement Assessment or the Additional Major Improvement Assessment. The sources are to be paid as a direct reimbursement for costs.

[c] Non-reimbursable to the Owner/Developer through PID Bonds, the Initial Major Improvement Assessments, or the Additional Major Improvement Assessments.

[d] Estimated, subject to change.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Function ^[a]	Units/Sq. Ft. ^[b]	Estimated Buildout Value ^[c]		Initial Major Improvement Assessment		Additional Major Improvement Assessment ^[d]		Total Maximum Assessment ^{[e],[f]}		Initial Major Improvement Maximum Annual Installment		Additional Major Improvement Maximum Annual Installment		Total Maximum Annual Installment		Value to Lien Per Appraised Value ^[g]	TRE ^[h]
			Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total ^[d]		
Lot Type 1	Inline Retail or Food Retail	76,408	\$ 578	\$ 44,140,000	\$ 28.25	\$ 2,158,446	\$ 13.43	\$ 1,025,809	\$ 41.67	\$ 3,184,255	\$ 2.461603	\$ 188,086	\$ 1.167589	\$ 89,213	\$ 3.63	\$ 268,212	20.450	\$ 0.607640
Lot Type 2	Mixed Use Building	268,800	\$ 480	\$ 129,125,714	\$ 23.49	\$ 6,314,248	\$ 11.16	\$ 3,000,867	\$ 34.65	\$ 9,315,115	\$ 2.046954	\$ 550,221	\$ 0.970912	\$ 260,981	\$ 3.02	\$ 784,619	1.402	\$ 0.607640
Lot Type 3	Hotel	115	\$ 217,391	\$ 25,000,000	\$ 10,630.44	\$ 1,222,500	\$ 5,052.15	\$ 580,997	\$ 15,682.59	\$ 1,803,497	\$ 926.332224	\$ 106,528	\$ 439.378303	\$ 50,529	\$ 1,365.71	\$ 151,910	1.710	\$ 0.607640
Lot Type 4	Office	194,050	\$ 405	\$ 78,605,385	\$ 19.81	\$ 3,843,804	\$ 9.41	\$ 1,826,781	\$ 29.22	\$ 5,670,584	\$ 1.726089	\$ 334,948	\$ 0.818719	\$ 158,873	\$ 2.54	\$ 477,638	1.074	\$ 0.607640
Lot Type 5	Multi-Family ^[f]	750,000	\$ 653	\$ 490,000,000	\$ 31.95	\$ 23,961,002	\$ 15.18	\$ 11,387,546	\$ 47.13	\$ 35,348,548	\$ 2.783937	\$ 2,087,953	\$ 1.320478	\$ 990,359	\$ 4.10	\$ 2,977,435	0.669	\$ 0.607640
Total				766,871,099		\$ 37,500,000		\$ 17,822,000		\$ 55,322,000		\$ 3,267,736		\$ 1,549,954		\$ 4,659,813	2.006	\$ 0.607640

Footnotes:

- [a] Buildout Values and Assessments are calculated based on data provided by the Developer. As property develops, if the property use(s) change(s) from the proposed use, a prepayment of an Assessment may be required upon completion of a true up during each Annual Update.
- [b] Lot Type 3 Units equivalent to number of keys.
- [c] Estimated Buildout Value for Lot Types 2, 3, 4, and 5 are per Developer on September 19, 2024 and Lot Type 1 is based on Appraisal dated July 24, 2024.
- [d] The Assessments will be levied as Initial Major Improvement Assessments and Additional Major Improvement Assessments. The Additional Major Improvement Assessments Trigger Date, as defined in the Service and Assessment Plan, determines the Annual Installment Due Date.
- [e] Values per Appraisal dated July 24, 2024. VTL is calculated on Initial Major Improvement Assessment only.
- [f] Lot Type 5 - Multi-Family includes corridor retail.
- [g] The Total PID TRE is less than the sum of the Total Maximum Annual Installment because the Maximum Annual Installment doesn't occur in the same year for the Initial Major Improvements as the Additional Major Improvements.
- [h] TRE excludes any amounts shown as Additional Interest on any Annual Installment schedule herein as Additional Interest is not expected to be collected unless the balance of the Delinquency and Prepayment Reserve Account falls below 2.5% of the outstanding bond par.

EXHIBIT F – TIRZ MAXIMUM ANNUAL CREDIT AMOUNT

Initial Major Improvements Assessment													
Land Use and Initial Major Improvements Assessment							Pre-TIRZ Annual Installment		TIRZ Credit		Post-TIRZ Annual Installment		
Lot Type	Units/Sq. Ft. ^[a]	Total Improved Land Value	AV Per Unit/Square Foot	Total AV	Initial Major Improvements Assessment	Initial Major Improvements Assessment Per Unit	Initial Major Improvements Annual Installment		TIRZ No. 1 Maximum Annual Credit Amount Per Unit	Total Annual TIRZ No. 1 Credit	Initial Major Improvements Annual Installment		
							Per Unit/SqFt	Total			Per Unit/SqFt	Total	
Initial Major Improvements ^[b]													
Lot Type 1	76,408	\$ 6,830,000	\$ 578	\$ 44,140,000	\$ 2,158,446	\$ 28.2490	\$ 2.460	\$ 188,086.200	\$ (2.079)	\$ (158,868.865)	\$ 0.38	\$ 29,217.34	
Lot Type 2	268,800	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 6,314,248	\$ 23.4905	\$ 2.050	\$ 550,221.225	\$ (1.729)	\$ (464,749.786)	\$ 0.32	\$ 85,471.44	
Lot Type 3	115	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 1,222,500	\$ 10,630.4357	\$ 926.330	\$ 106,528.206	\$ (782.436)	\$ (89,980.100)	\$ 143.89	\$ 16,548.11	
Lot Type 4	194,050	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 3,843,804	\$ 19.8083	\$ 1.730	\$ 334,947.625	\$ (1.458)	\$ (282,916.816)	\$ 0.27	\$ 52,030.81	
Lot Type 5	750,000	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 23,961,002	\$ 31.9480	\$ 7.770	\$ 2,087,952.833	\$ (2.351)	\$ (1,763,609.960)	\$ 5.42	\$ 324,342.87	
Total		\$ 37,920,000		\$ 766,871,099	\$ 37,500,000			\$ 3,267,736.09		\$ (2,760,125.53)		\$ 507,610.56	

Additional Major Improvements Assessment													
Land Use and Additional Major Improvements Assessment							Pre-TIRZ Annual Installment		TIRZ Credit ^[d]		Post-TIRZ Annual Installment		
Lot Type	Units/Sq. Ft. ^[a]	Total Improved Land Value	AV Per Unit/Square Foot	Total AV	Additional Major Improvements Assessment	Additional Major Improvements Assessment Per Unit	Additional Major Improvements Annual Installment		TIRZ No. 1 Maximum Annual Credit Amount Per Unit	Total Annual TIRZ No. 1 Credit	Additional Major Improvements Annual Installment		
							Per Unit/SqFt	Total			Per Unit/SqFt	Total	
Additional Major Improvements ^[c]													
Lot Type 1	76,408	\$ 6,830,000	\$ 578	\$ 44,140,000	\$ 1,025,809	\$ 13.4300	\$ 1.1676	\$ 89,213	\$ -	\$ -	\$ 1.17	\$ 89,213.13	
Lot Type 2	268,800	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 3,000,867	\$ 11.1600	\$ 0.9709	\$ 260,981	\$ -	\$ -	\$ 0.97	\$ 260,981.17	
Lot Type 3	115	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 580,997	\$ 5,052.1500	\$ 439.3783	\$ 50,529	\$ -	\$ -	\$ 439.38	\$ 50,528.50	
Lot Type 4	194,050	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 1,826,781	\$ 9.4100	\$ 0.8187	\$ 158,873	\$ -	\$ -	\$ 0.82	\$ 158,872.50	
Lot Type 5	750,000	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 11,387,546	\$ 15.1800	\$ 1.3205	\$ 990,359	\$ -	\$ -	\$ 1.32	\$ 990,358.69	
		\$ 37,920,000		\$ 766,871,099	\$ 17,822,000			\$ 1,549,954.00		\$ -		\$ 1,549,954.00	

Footnotes:

[a] Lot Type 3 Units equivalent to number of keys.

[b] The TIRZ No. 1 Annual Credit for the Initial Major Improvements is calculated on the Initial Major Improvements Annual Installment.

[c] The TIRZ No. 1 Annual Credit for the Additional Major Improvements is calculated on the Additional Major Improvements Annual Installment.

EXHIBIT G-1 – INITIAL MAJOR IMPROVEMENT ASSESSMENT ROLL

City of Friendswood - City Center PID Initial Major Improvement Assessment Roll ^[e]											
Property ID	Address	Lot Type	Acres	Initial Major Improvement Outstanding Assessment ^[a]	(1) Principal ^[f]	(2) Interest ^[b]	(3) Capitalized Interest	(4) Additional Interest ^[c]	(5) Annual Collection Costs ^[d]	(5) Initial Major Improvements Annual Installment Due 1/31/2025 ^[a]	(5) Initial Major Improvements Annual Installment Due 1/31/2025 ^[a]
1413970000003	FM 528 RD	Non Benefited	7.6699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1413970000001	3680 FM 528 RD	Non Benefited	3.0199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0432150000130	3801 E FM 528 RD	Initial Parcel	95.7822	\$ 37,500,000.04	\$ -	\$ 2,092,708.00	\$ (2,092,708.00)	\$ 187,500.00	\$ -	\$ -	\$ -
Total			106.4720	\$ 37,500,000.04	\$ -	\$ 2,092,708.00	\$ (2,092,708.00)	\$ 187,500.00	\$ -	\$ -	\$ -

Footnotes:

[a] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[b] Interest is calculated at the rate of the Initial Major Improvement Bonds. Principal on the Initial Major Assessment Bonds is paid by Capitalized Interest for the installment due 1/31/2025. Interest for each year of the life of the Initial Major Improvement Assessment is depicted in **Exhibit G-3**.

[c] Additional Interest included; however Additional Interest shall be collected if the Delinquency and Prepayment Reserve Fund falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] Annual Collection Costs will be assessed each year based on actual costs to administer the District.

[e] The Initial Major Improvement Assessment Roll depicted here shows the Initial Major Improvement Assessment due 1/31/2025. The levy of the Initial Major Improvement Assessment is for a period of 30 years beginning in 2025 through 2054 in the total principal amount of \$37,500,000.00 plus interest on the Initial Major Improvement Bonds, Additional Interest and Annual Collection Costs. **Exhibit G-3** identifies the levy of the Initial Major Improvement Assessments over this period with interest on the Initial Major Improvement Bonds, Annual Collection Costs and Additional Interest. **Exhibit G-3** Initial Major Improvement Annual Installments is hereby incorporated into this **Exhibit G-1**.

[f] There is no principal payment of Assessment due 1/31/2025. Principal due each year for the life of the Initial Major Improvement Assessment is depicted in **Exhibit G-3**.

EXHIBIT G-2 – ADDITIONAL MAJOR IMPROVEMENT ASSESSMENT ROLL

Property ID	Address	Lot Type	Acres	Additional Major Improvement Outstanding Assessment ^[a]	Principal	Interest ^[c]	Capitalized Interest	Additional Interest ^[d]	Annual Collection Costs ^[d]	Additional Major Improvements Annual Installment Due 1/31/2025 ^{[a],[b]}
1413970000003	FM 528 RD	Non Benefited	7.6699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1413970000001	3680 FM 528 RD	Non Benefited	3.0199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0432150000130	3801 E FM 528 RD	Initial Parcel	95.7822	\$ 17,822,000.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total			106.4720	\$ 17,822,000.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Footnotes:

[a] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[b] The Additional Major Improvement Assessments Trigger Date defined in the Service and Assessment Plan determines the Annual Installment Due Date for the Additional Major Improvement Assessments.

[c] Interest will accrue on the Additional Major Improvement Assessment at a rate of 7.00% prior to the issuance of Additional Major Improvement Bonds. Upon on the issuance of Additional Major Improvement Bonds, the interest rate will adjust to the rate on such PID Bonds plus Additional Interest.

[d] Annual Collection Costs will be assessed each year based on actual costs to administer the District.

EXHIBIT G-3 – ANNUAL INSTALLMENTS

	Initial Major Improvement Bonds							Additional Major Improvement Reimbursement Obligation ^(e)							
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(e)	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due	
2025	\$ -	\$ 2,092,708	\$ (2,092,708)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,110	\$ -	\$ -	
2026	\$ -	\$ 2,625,000	\$ (2,625,000)	\$ 45,900	\$ 187,500	\$ -	\$ 45,900	\$ -	\$ -	\$ 35,700	\$ -	\$ 89,110	\$ 35,700	\$ 81,600	
2027	\$ 438,000	\$ 2,625,000	\$ -	\$ 46,818	\$ 187,500	\$ -	\$ 3,109,818	\$ 266,000	\$ 1,247,540	\$ 36,414	\$ -	\$ 89,110	\$ 1,549,954	\$ 4,659,772	
2028	\$ 469,000	\$ 2,594,340	\$ -	\$ 47,754	\$ 185,310	\$ -	\$ 3,111,094	\$ 282,000	\$ 1,228,920	\$ 37,142	\$ -	\$ 87,780	\$ 1,548,062	\$ 4,659,157	
2029	\$ 504,000	\$ 2,561,510	\$ -	\$ 48,709	\$ 182,965	\$ -	\$ 3,114,219	\$ 298,000	\$ 1,209,180	\$ 37,885	\$ -	\$ 86,370	\$ 1,545,065	\$ 4,659,285	
2030	\$ 540,000	\$ 2,526,230	\$ -	\$ 49,684	\$ 180,445	\$ -	\$ 3,115,914	\$ 316,000	\$ 1,188,320	\$ 38,643	\$ -	\$ 84,880	\$ 1,542,963	\$ 4,658,876	
2031	\$ 580,000	\$ 2,488,430	\$ -	\$ 50,677	\$ 177,745	\$ -	\$ 3,119,107	\$ 335,000	\$ 1,166,200	\$ 39,416	\$ -	\$ 83,300	\$ 1,540,616	\$ 4,659,723	
2032	\$ 622,000	\$ 2,447,830	\$ -	\$ 51,691	\$ 174,845	\$ -	\$ 3,121,521	\$ 355,000	\$ 1,142,750	\$ 40,204	\$ -	\$ 81,625	\$ 1,537,954	\$ 4,659,475	
2033	\$ 668,000	\$ 2,404,290	\$ -	\$ 52,725	\$ 171,735	\$ -	\$ 3,125,015	\$ 375,000	\$ 1,117,900	\$ 41,008	\$ -	\$ 79,850	\$ 1,533,908	\$ 4,658,923	
2034	\$ 717,000	\$ 2,357,530	\$ -	\$ 53,779	\$ 168,395	\$ -	\$ 3,128,309	\$ 398,000	\$ 1,091,650	\$ 41,828	\$ -	\$ 77,975	\$ 1,531,478	\$ 4,659,787	
2035	\$ 770,000	\$ 2,307,340	\$ -	\$ 54,855	\$ 164,810	\$ -	\$ 3,132,195	\$ 421,000	\$ 1,063,790	\$ 42,665	\$ -	\$ 75,985	\$ 1,527,455	\$ 4,659,650	
2036	\$ 827,000	\$ 2,253,440	\$ -	\$ 55,952	\$ 160,960	\$ -	\$ 3,136,392	\$ 445,000	\$ 1,034,320	\$ 43,518	\$ -	\$ 73,880	\$ 1,522,838	\$ 4,659,230	
2037	\$ 887,000	\$ 2,195,550	\$ -	\$ 57,071	\$ 156,825	\$ -	\$ 3,139,621	\$ 472,000	\$ 1,003,170	\$ 44,388	\$ -	\$ 71,655	\$ 1,519,558	\$ 4,659,179	
2038	\$ 953,000	\$ 2,133,460	\$ -	\$ 58,212	\$ 152,390	\$ -	\$ 3,144,672	\$ 499,000	\$ 970,130	\$ 45,276	\$ -	\$ 69,295	\$ 1,514,406	\$ 4,659,079	
2039	\$ 1,023,000	\$ 2,066,750	\$ -	\$ 59,377	\$ 147,625	\$ -	\$ 3,149,127	\$ 529,000	\$ 935,200	\$ 46,182	\$ -	\$ 66,800	\$ 1,510,382	\$ 4,659,508	
2040	\$ 1,099,000	\$ 1,995,140	\$ -	\$ 60,564	\$ 142,510	\$ -	\$ 3,154,704	\$ 559,000	\$ 898,170	\$ 47,105	\$ -	\$ 64,155	\$ 1,504,275	\$ 4,658,979	
2041	\$ 1,180,000	\$ 1,918,210	\$ -	\$ 61,775	\$ 137,015	\$ -	\$ 3,159,985	\$ 592,000	\$ 859,040	\$ 48,047	\$ -	\$ 61,360	\$ 1,499,087	\$ 4,659,073	
2042	\$ 1,267,000	\$ 1,835,610	\$ -	\$ 63,011	\$ 131,115	\$ -	\$ 3,165,621	\$ 627,000	\$ 817,600	\$ 49,008	\$ -	\$ 58,400	\$ 1,493,608	\$ 4,659,229	
2043	\$ 1,361,000	\$ 1,746,920	\$ -	\$ 64,271	\$ 124,780	\$ -	\$ 3,172,191	\$ 663,000	\$ 773,710	\$ 49,989	\$ -	\$ 55,265	\$ 1,486,699	\$ 4,658,890	
2044	\$ 1,462,000	\$ 1,651,650	\$ -	\$ 65,557	\$ 117,975	\$ -	\$ 3,179,207	\$ 702,000	\$ 727,300	\$ 50,988	\$ -	\$ 51,950	\$ 1,480,288	\$ 4,659,495	
2045	\$ 1,570,000	\$ 1,549,310	\$ -	\$ 66,868	\$ 110,665	\$ -	\$ 3,186,178	\$ 743,000	\$ 678,160	\$ 52,008	\$ -	\$ 48,440	\$ 1,473,168	\$ 4,659,346	
2046	\$ 1,686,000	\$ 1,439,410	\$ -	\$ 68,205	\$ 102,815	\$ -	\$ 3,193,615	\$ 787,000	\$ 626,150	\$ 53,048	\$ -	\$ 44,725	\$ 1,466,198	\$ 4,659,813	
2047	\$ 1,812,000	\$ 1,321,390	\$ -	\$ 69,569	\$ 94,385	\$ -	\$ 3,202,959	\$ 831,000	\$ 571,060	\$ 54,109	\$ -	\$ 40,790	\$ 1,456,169	\$ 4,659,128	
2048	\$ 1,946,000	\$ 1,194,550	\$ -	\$ 70,960	\$ 85,325	\$ -	\$ 3,211,510	\$ 880,000	\$ 512,890	\$ 55,191	\$ -	\$ 36,635	\$ 1,448,081	\$ 4,659,592	
2049	\$ 2,091,000	\$ 1,058,330	\$ -	\$ 72,380	\$ 75,595	\$ -	\$ 3,221,710	\$ 930,000	\$ 451,290	\$ 56,295	\$ -	\$ 32,235	\$ 1,437,585	\$ 4,659,295	
2050	\$ 2,246,000	\$ 911,960	\$ -	\$ 73,827	\$ 65,140	\$ -	\$ 3,231,787	\$ 984,000	\$ 386,190	\$ 57,421	\$ -	\$ 27,585	\$ 1,427,611	\$ 4,659,398	
2051	\$ 2,413,000	\$ 754,740	\$ -	\$ 75,304	\$ 53,910	\$ -	\$ 3,243,044	\$ 1,040,000	\$ 317,310	\$ 58,570	\$ -	\$ 22,665	\$ 1,415,880	\$ 4,658,923	
2052	\$ 2,592,000	\$ 585,830	\$ -	\$ 76,810	\$ 41,845	\$ -	\$ 3,254,640	\$ 1,100,000	\$ 244,510	\$ 59,741	\$ -	\$ 17,465	\$ 1,404,251	\$ 4,658,891	
2053	\$ 2,785,000	\$ 404,390	\$ -	\$ 78,346	\$ 28,885	\$ -	\$ 3,267,736	\$ 1,163,000	\$ 167,510	\$ 60,936	\$ -	\$ 11,965	\$ 1,391,446	\$ 4,659,182	
2054	\$ 2,992,000	\$ 209,440	\$ -	\$ 79,913	\$ 14,960	\$ (3,201,440)	\$ 79,913	\$ 1,230,000	\$ 86,100	\$ 62,155	\$ (1,513,540)	\$ 6,150	\$ (135,285)	\$ (55,372)	
Total	\$ 37,500,000	\$ 54,256,288	\$ (4,717,708)	\$ 1,780,564	\$ 3,725,970	\$ (3,201,440)	\$ 85,617,704	\$ 17,822,000	\$ 22,516,060	\$ 1,384,883	\$ (1,513,540)	\$ 1,786,510	\$ 40,209,403	\$ 125,827,106	

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

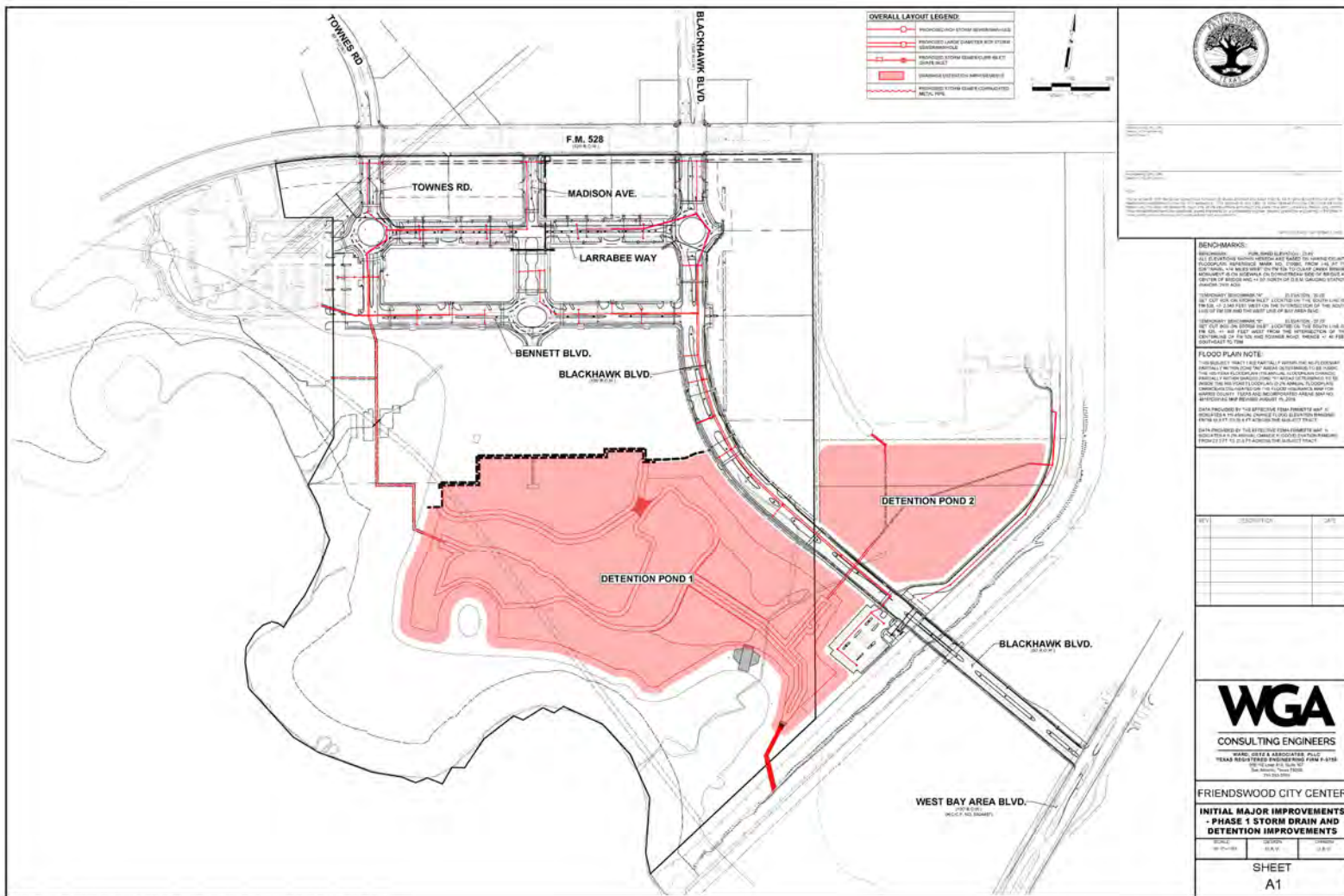
[d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

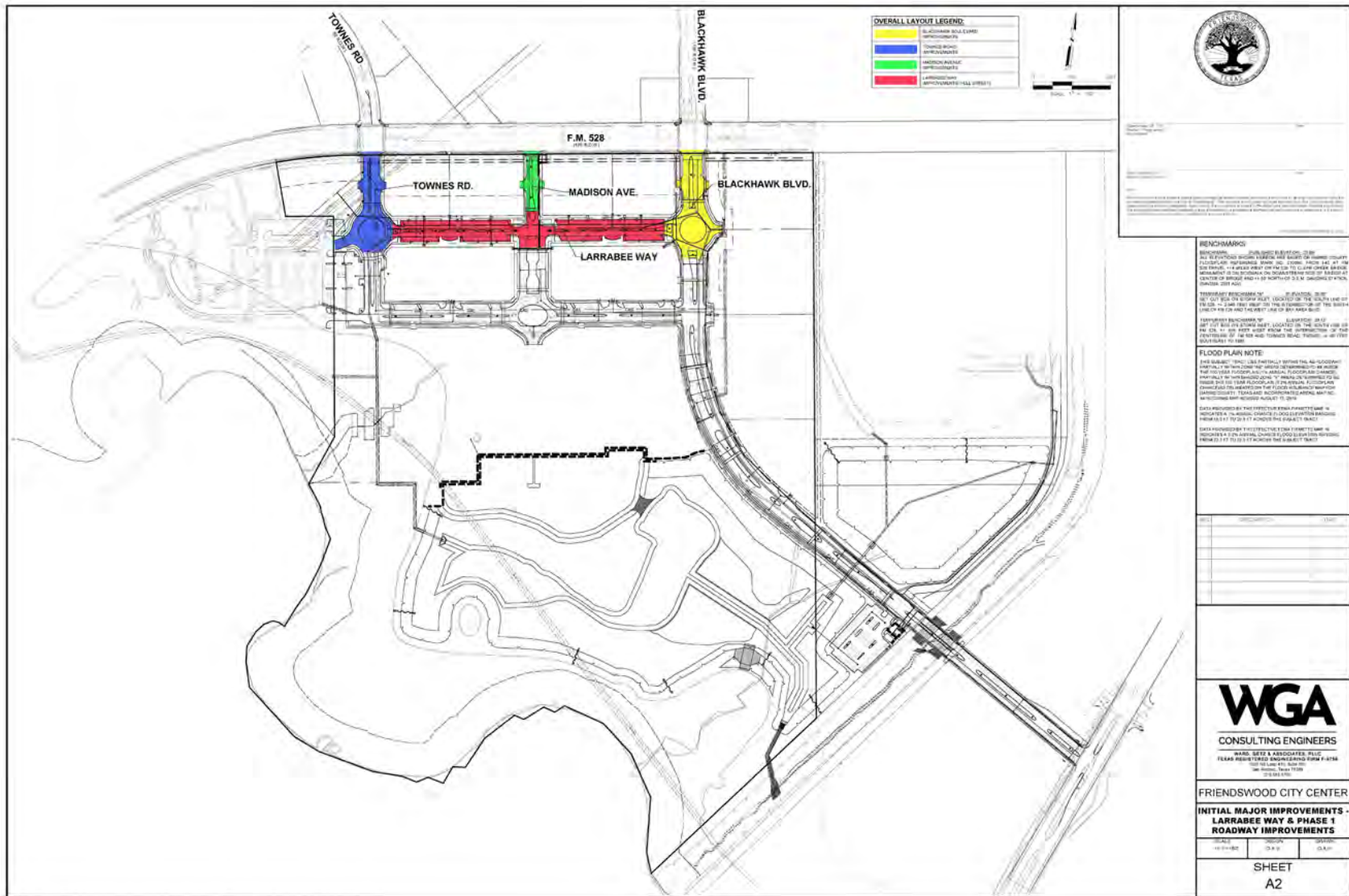
[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

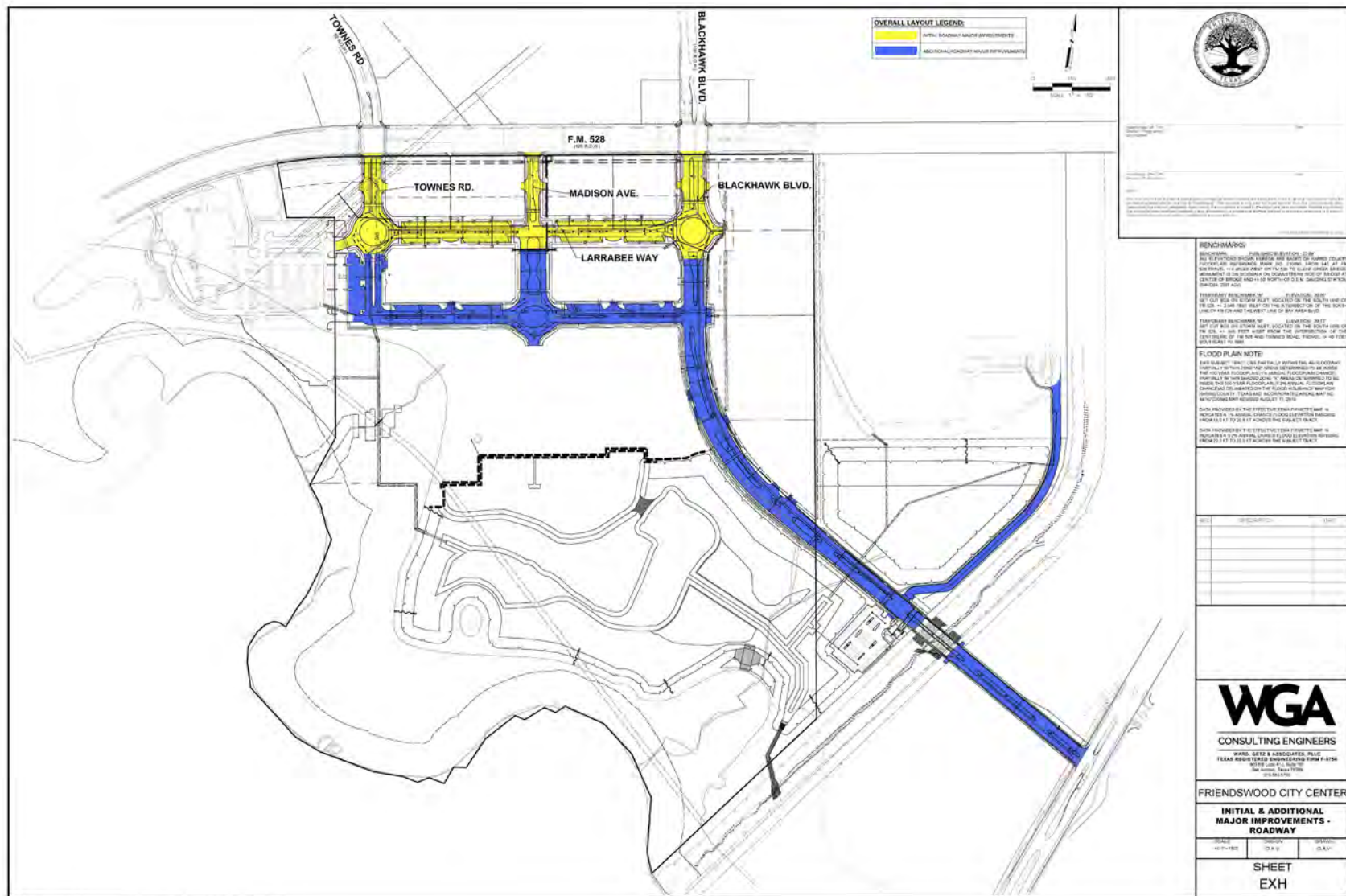
[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

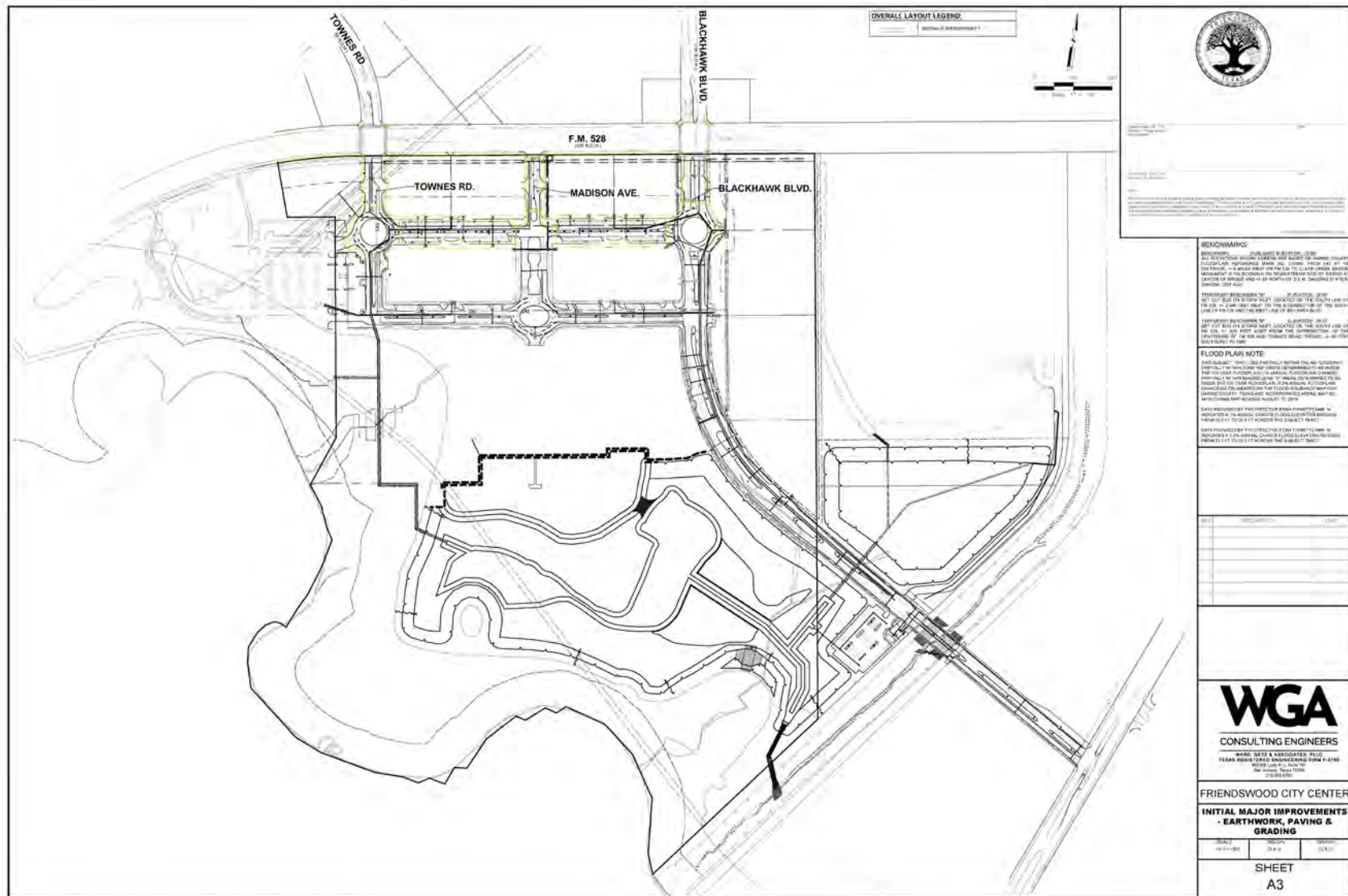
[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

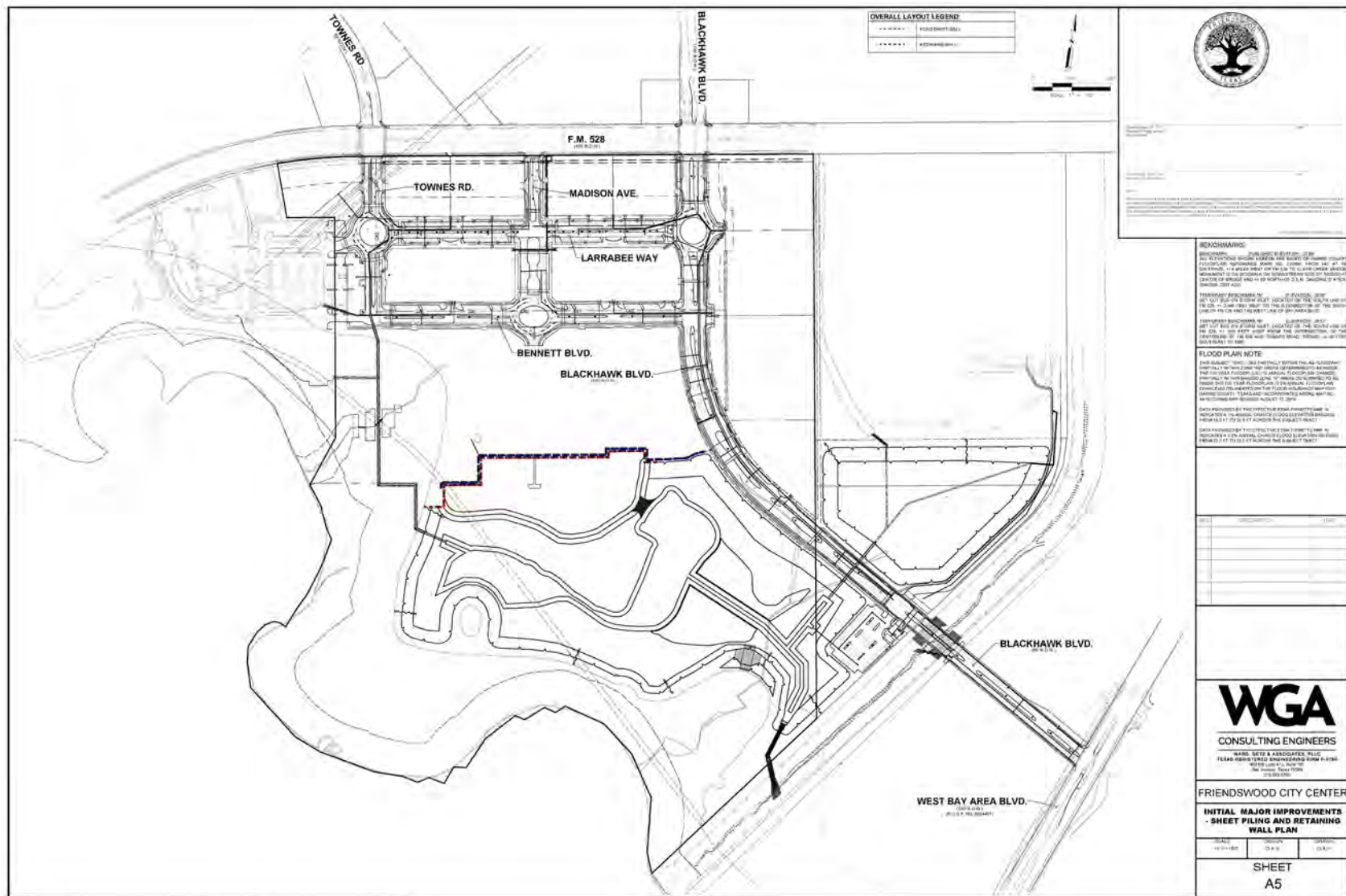
EXHIBIT H – MAPS OF INITIAL MAJOR IMPROVEMENTS AND ADDITIONAL MAJOR IMPROVEMENTS

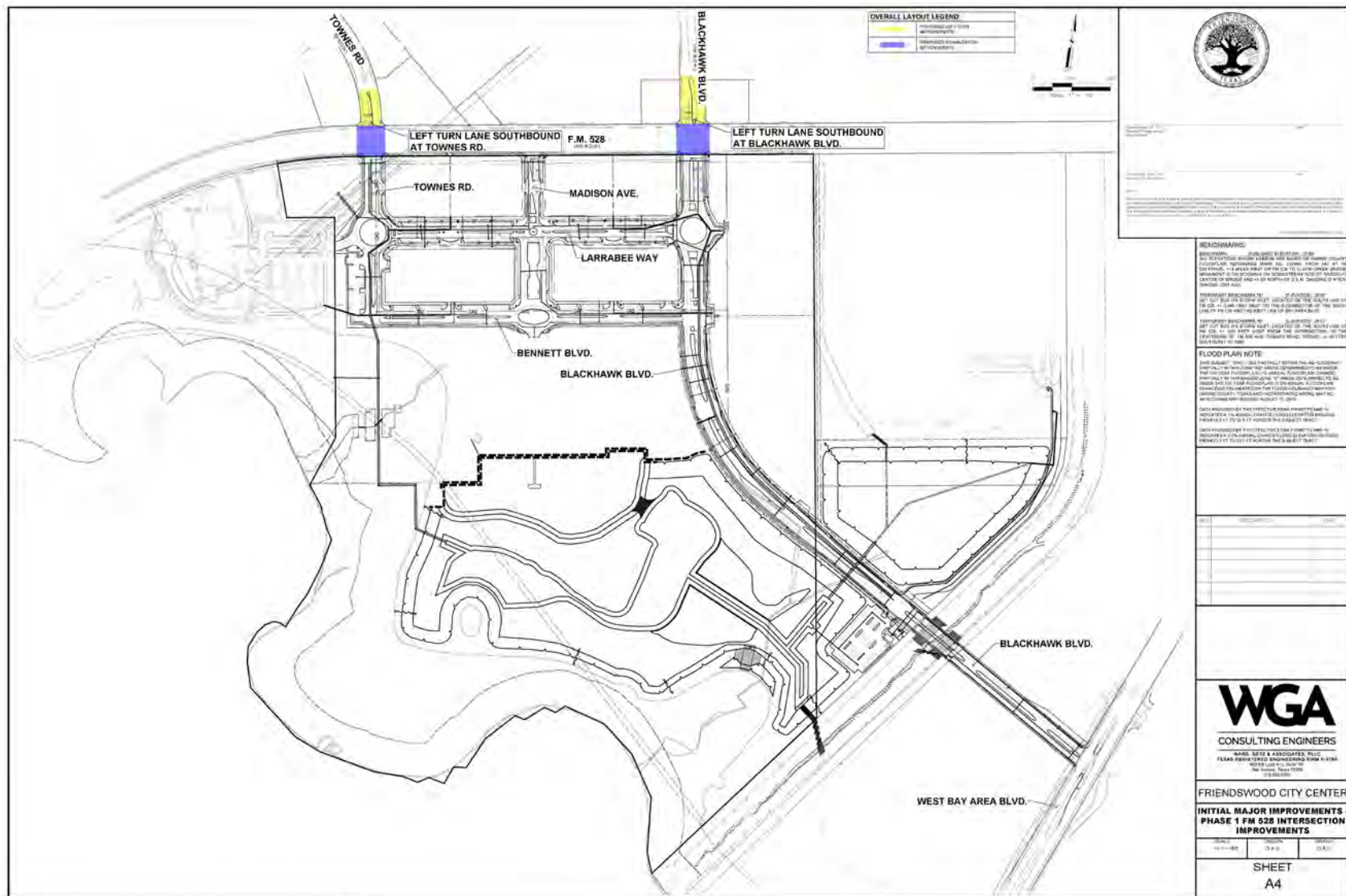


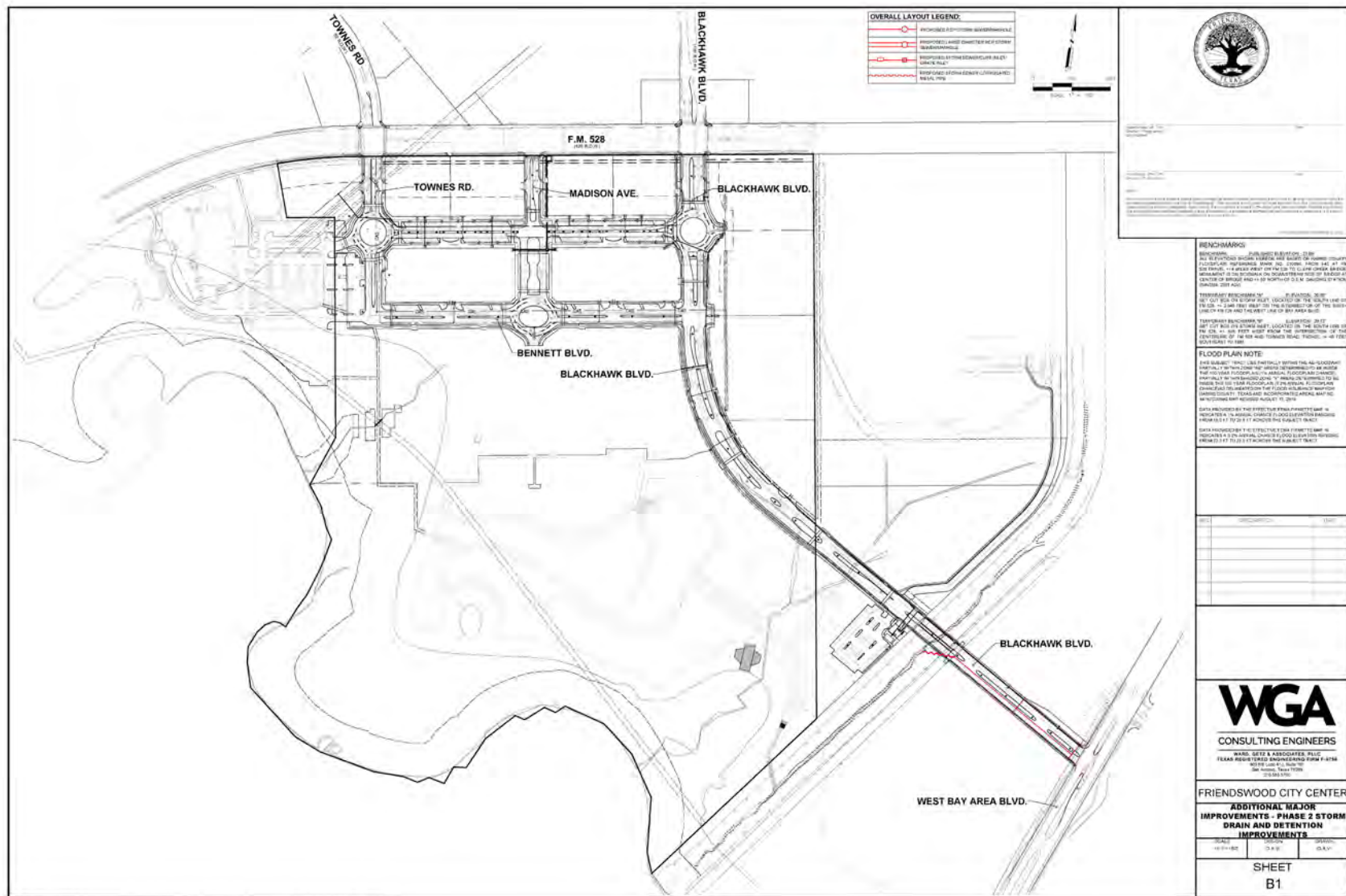


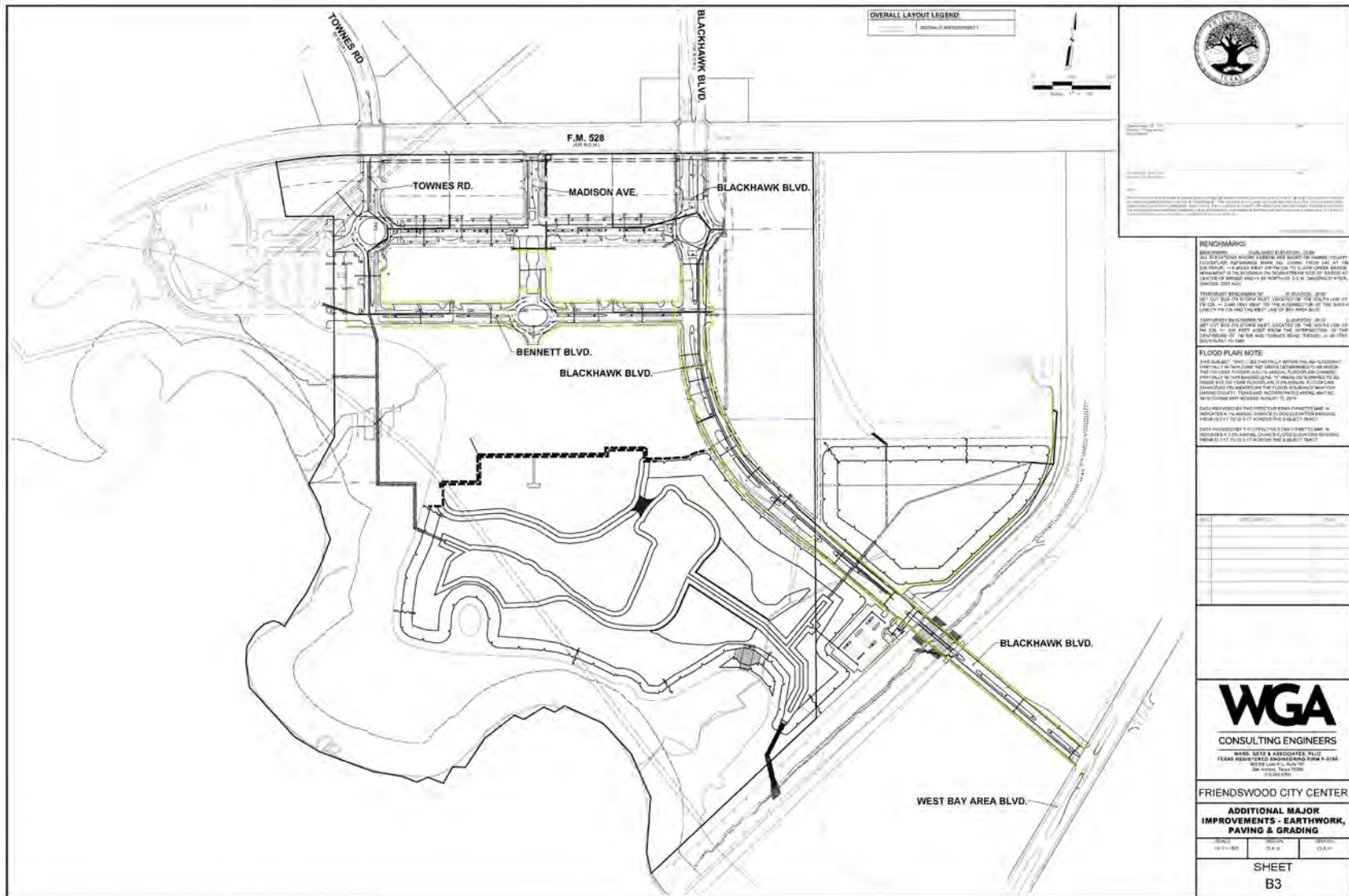


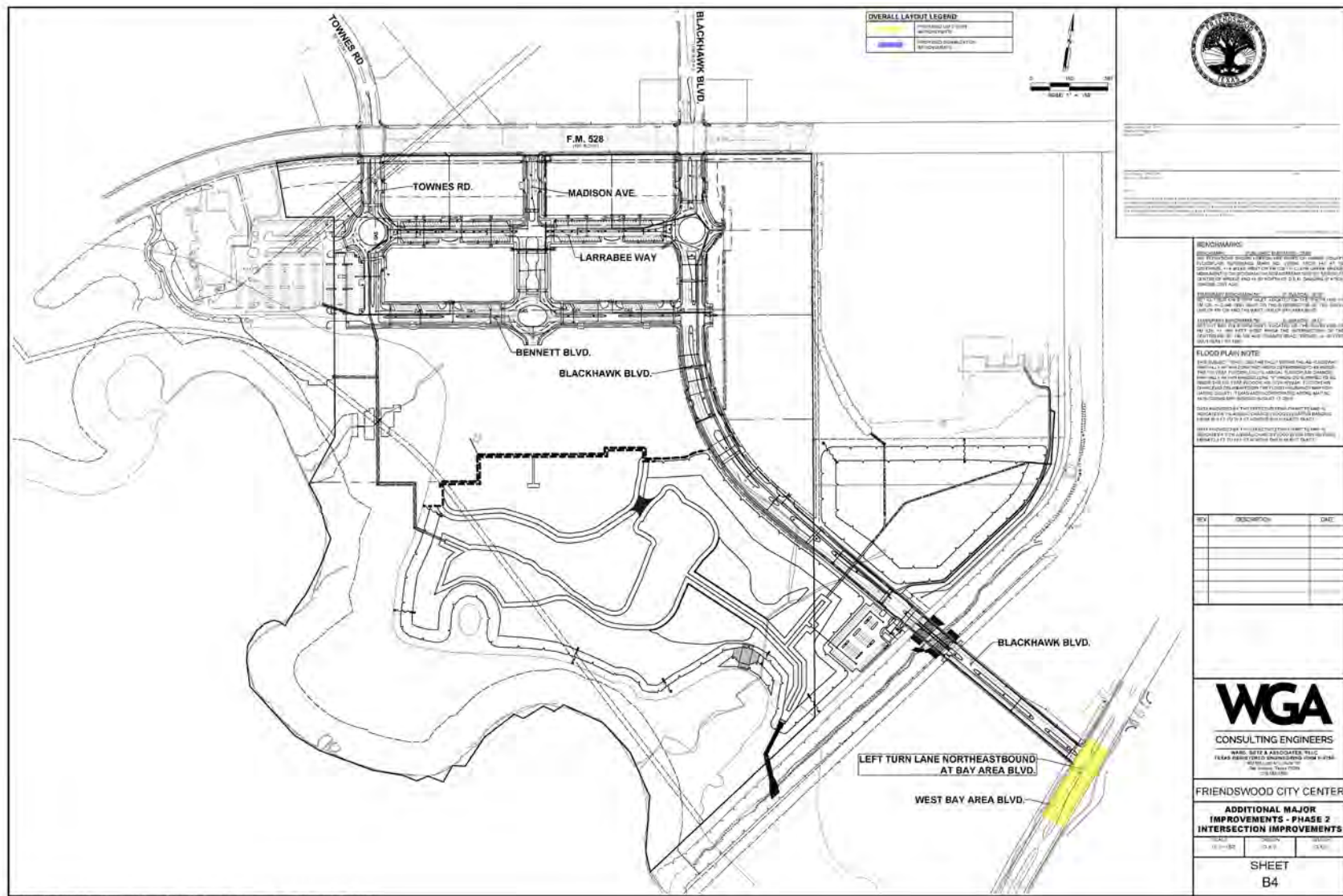


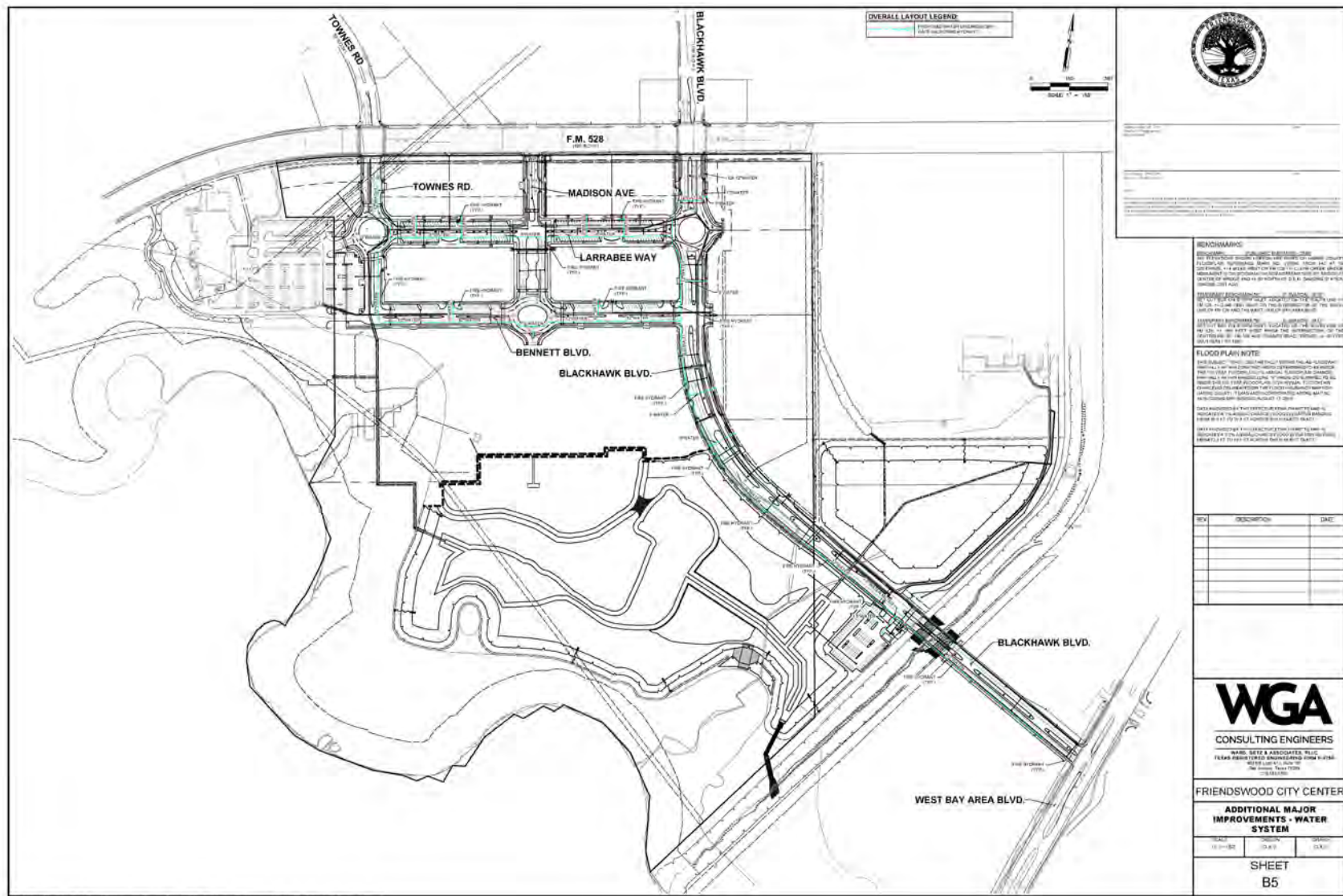


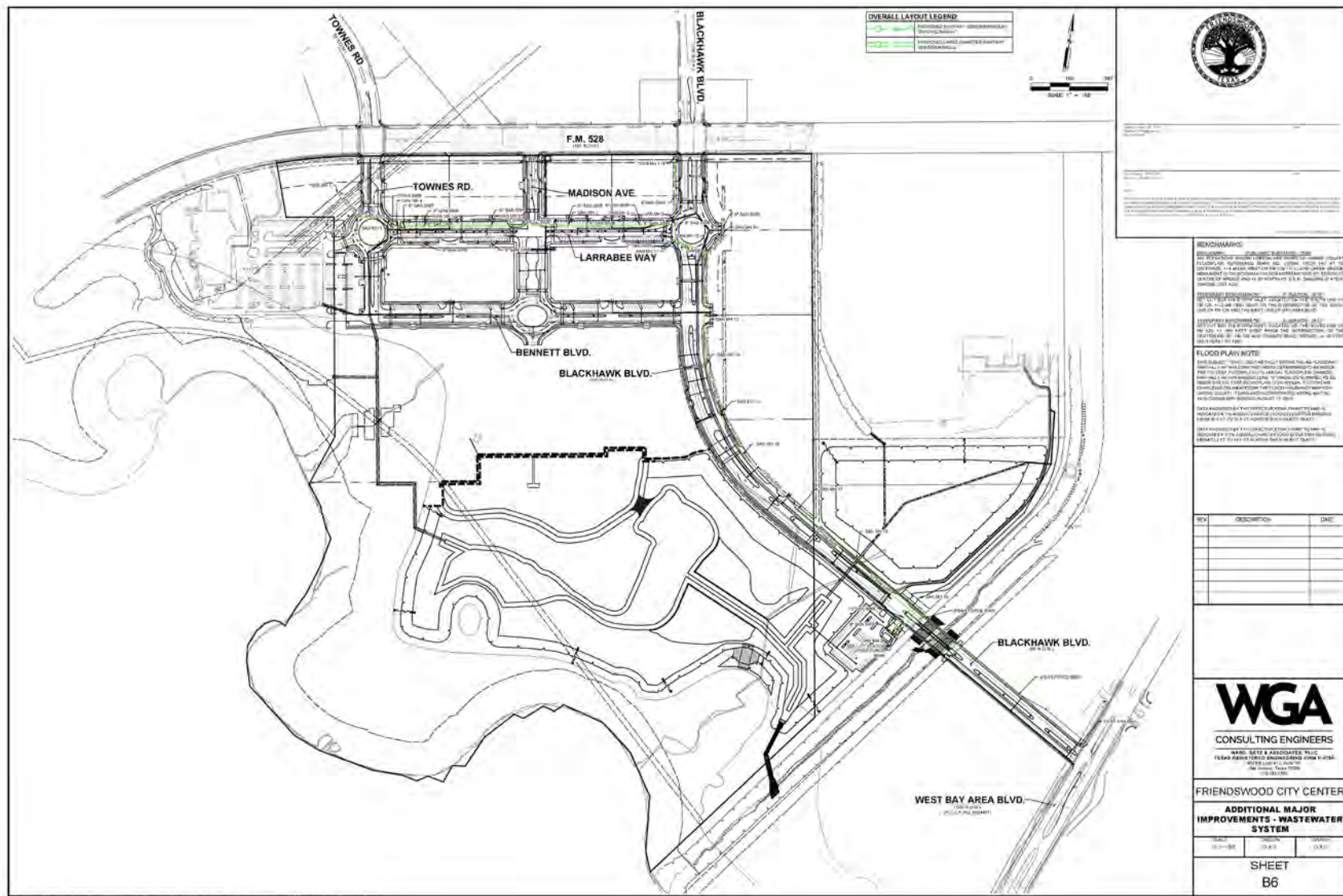


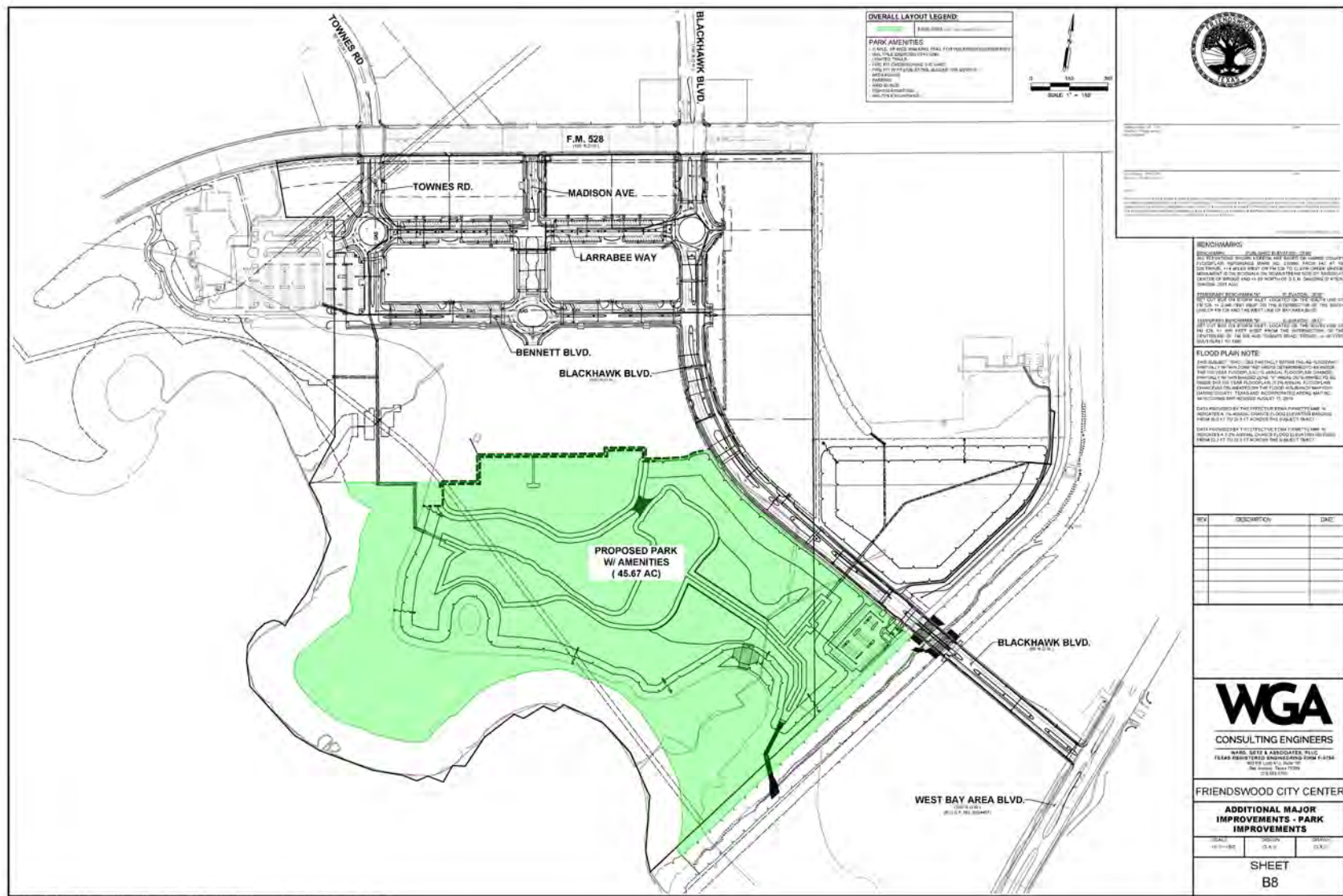


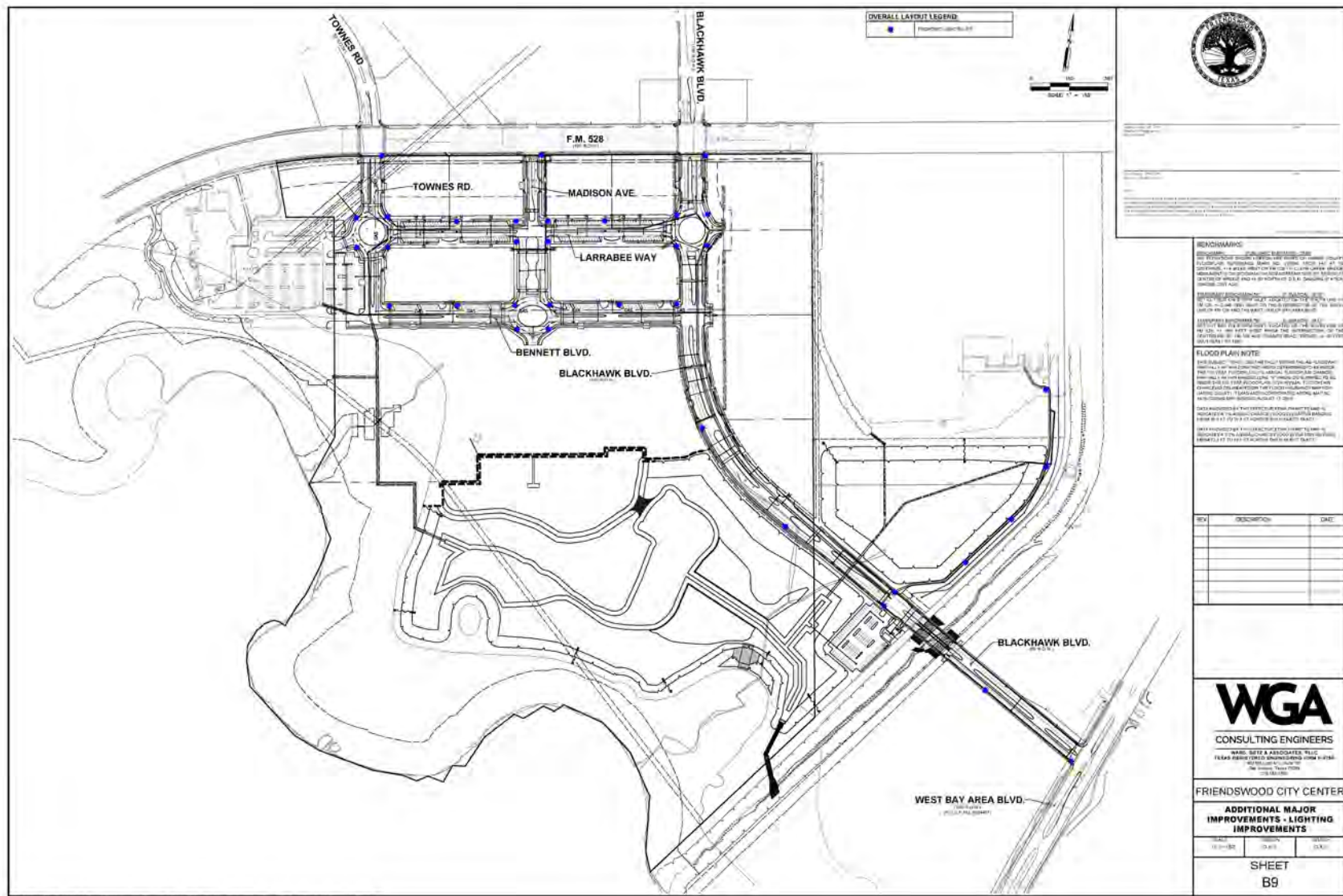












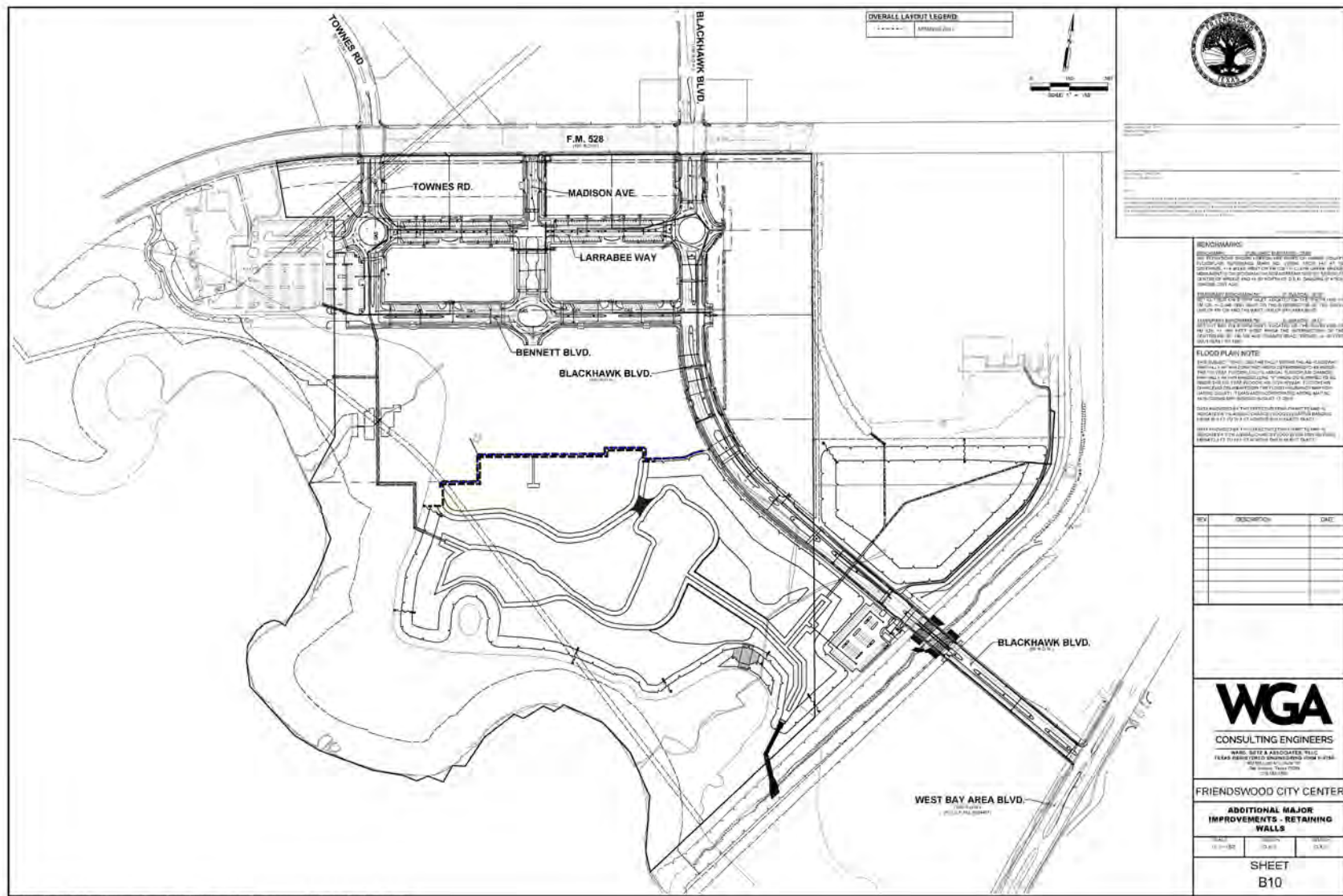


EXHIBIT I – FORM OF NOTICE OF PID ASSESSMENT TERMINATION



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

[Date]
Harris County Clerk's Office
Honorable _____
201 Caroline
Suite 310
Houston, TX 77002

Re: City of Friendswood Lien Release documents for filing

Dear Ms./Mr. _____,

Enclosed is a lien release that the City of Friendswood is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: _____ [Plat]. Please forward copies of the filed documents to my attention:

City of Friendswood
Attn: [City Secretary]
910 S. Friendswood Drive
Friendswood, TX 77546

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
(817) 393-0353
Admin@P3-Works.com
www.P3-Works.com

[City Secretary Name]
[City Secretary Address]

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

RECITALS

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") for the following property: [legal description], a subdivision in Harris County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Harris County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Harris County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said Lien held by the undersigned securing said indebtedness.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20__.

CITY OF FRIENDSWOOD, TEXAS,
A Texas home rule municipality,

By: _____
[Manager Name], City Manager

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____, 20__, by [City Manager], for the City of Friendswood, Texas, a Texas home rule municipality, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT J – DEBT SERVICE SCHEDULE FOR INITIAL MAJOR IMPROVEMENT BONDS

Preliminary, Subject to Change
For Discussion and Illustrative Purposes Only

City of Friendswood, Texas
Special Assessment Revenue Bonds, Series 2024
(City Center Public Improvement District Initial Major Improvement Area Project)
70% City TRIZ Contribution

Estimated Net Debt Service / Requirements - Initial Major Improvement Area ¹

Maturity	Maximum Annual Installments	Principal	Interest Rate ²	Interest	Debt Service	Capitalized Interest ³	Debt Service Reserve Fund ⁴	Net Debt Service ⁵	Additional Interest ⁶	PID Admin Fee ⁷	Net Initial MIA Annual Requirements ⁸
9/1/2024	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9/1/2025	4,659,929	-	7.000%	2,092,708	2,092,708	2,092,708	-	-	-	-	-
9/1/2026	4,659,929	-	7.000%	2,625,000	2,625,000	2,625,000	-	-	-	45,900	45,900
9/1/2027	4,659,929	438,000	7.000%	2,625,000	3,063,000	-	-	3,063,000	-	46,818	3,109,818
9/1/2028	4,659,929	469,000	7.000%	2,594,340	3,063,340	-	-	3,063,340	-	47,754	3,111,094
9/1/2029	4,659,929	504,000	7.000%	2,561,510	3,065,510	-	-	3,065,510	-	48,709	3,114,219
9/1/2030	4,659,929	540,000	7.000%	2,526,230	3,066,230	-	-	3,066,230	-	49,684	3,115,914
9/1/2031	4,659,929	580,000	7.000%	2,488,430	3,068,430	-	-	3,068,430	-	50,677	3,119,107
9/1/2032	4,659,929	622,000	7.000%	2,447,830	3,069,830	-	-	3,069,830	-	51,691	3,121,521
9/1/2033	4,659,929	668,000	7.000%	2,404,290	3,072,290	-	-	3,072,290	-	52,725	3,125,015
9/1/2034	4,659,929	717,000	7.000%	2,357,530	3,074,530	-	-	3,074,530	-	53,779	3,128,309
9/1/2035	4,659,929	770,000	7.000%	2,307,340	3,077,340	-	-	3,077,340	-	54,855	3,132,195
9/1/2036	4,659,929	827,000	7.000%	2,253,440	3,080,440	-	-	3,080,440	-	55,952	3,136,392
9/1/2037	4,659,929	887,000	7.000%	2,195,550	3,082,550	-	-	3,082,550	-	57,071	3,139,621
9/1/2038	4,659,929	953,000	7.000%	2,133,460	3,086,460	-	-	3,086,460	-	58,212	3,144,672
9/1/2039	4,659,929	1,023,000	7.000%	2,066,750	3,089,750	-	-	3,089,750	-	59,377	3,149,127
9/1/2040	4,659,929	1,099,000	7.000%	1,995,140	3,094,140	-	-	3,094,140	-	60,564	3,154,704
9/1/2041	4,659,929	1,180,000	7.000%	1,918,210	3,098,210	-	-	3,098,210	-	61,775	3,159,985
9/1/2042	4,659,929	1,267,000	7.000%	1,835,610	3,102,610	-	-	3,102,610	-	63,011	3,165,621
9/1/2043	4,659,929	1,361,000	7.000%	1,746,920	3,107,920	-	-	3,107,920	-	64,271	3,172,191
9/1/2044	4,659,929	1,462,000	7.000%	1,651,650	3,113,650	-	-	3,113,650	-	65,557	3,179,207
9/1/2045	4,659,929	1,570,000	7.000%	1,549,310	3,119,310	-	-	3,119,310	-	66,868	3,186,178
9/1/2046	4,659,929	1,686,000	7.000%	1,439,410	3,125,410	-	-	3,125,410	-	68,205	3,193,615
9/1/2047	4,659,929	1,812,000	7.000%	1,321,390	3,133,390	-	-	3,133,390	-	69,569	3,202,959
9/1/2048	4,659,929	1,946,000	7.000%	1,194,550	3,140,550	-	-	3,140,550	-	70,960	3,211,510
9/1/2049	4,659,929	2,091,000	7.000%	1,058,330	3,149,330	-	-	3,149,330	-	72,380	3,221,710
9/1/2050	4,659,929	2,246,000	7.000%	911,960	3,157,960	-	-	3,157,960	-	73,827	3,231,787
9/1/2051	4,659,929	2,413,000	7.000%	754,740	3,167,740	-	-	3,167,740	-	75,304	3,243,044
9/1/2052	4,659,929	2,592,000	7.000%	585,830	3,177,830	-	-	3,177,830	-	76,810	3,254,640
9/1/2053	4,659,929	2,785,000	7.000%	404,390	3,189,390	-	-	3,189,390	-	78,346	3,267,736
9/1/2054	4,659,929	2,992,000	7.000%	209,440	3,201,440	-	3,201,440	-	-	79,913	3,281,353
	\$ 139,797,874	\$ 37,500,000		\$ 54,256,288	\$ 91,756,288	\$ 4,717,708	\$ 3,201,440	\$ 83,837,140	\$ -	\$ 1,780,564	\$ 88,819,144

Notes:

1. Preliminary and subject to change. Subject to approval by the Issuer.
2. Rates are for discussion and illustration purposes only and are preliminary and subject to change.
3. Assumes capitalized interest through September 1, 2026.
4. Sized to 100% of maximum annual debt service.
5. Net of capitalized interest and debt service reserve fund release at maturity.
6. Funded to 2.5% of bond par at closing.
7. Assumes 2.0% annual escalation factor. First year fee is paid at bond closing.
8. Net of capitalized interest but excludes release of debt service reserve fund at maturity.

EXHIBIT K – DISTRICT BOUNDARY DESCRIPTION

Exhibit "A" District Boundaries

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 106.472 acres (4,637,900 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being the residue of a called 135.778 acre tract of land conveyed to Clear Creek Community Church as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. 20150231965; said 106.472 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 09°41'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, at 90.40 feet passing a 5/8-inch iron rod found marking the northeast corner of said Restricted Reserve "A", continuing in all for a total distance of 1,772.42 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of a called 28.9270 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598260; said iron rod for the northeast corner of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line, at 1,289.36 feet passing a 5/8-inch iron rod found marking the westerly common corner of said 28.9270 acre tract and a called 10.0000 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598262, continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found on the northwesterly R.O.W. line of a Harris County Flood Control District drainage easement (150 feet wide) as described by deeds recorded under H.C.C.F. No(s), E449568 and X384682; said iron rod for the southeast corner of the herein described tract;

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 2 OF 4

THENCE, South 38°20'29" West, along said northwesterly R.O.W. line, a distance of 877.99 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLs, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

North 21°17'29" West, a distance of 80.86 feet to an angle point;
North 04°22'12" West, a distance of 216.80 feet to an angle point;
North 32°41'57" West, a distance of 184.39 feet to an angle point;
North 51°06'03" West, a distance of 159.93 feet to an angle point;
North 74°03'08" West, a distance of 164.71 feet to an angle point;
South 48°02'49" West, a distance of 44.69 feet to an angle point;
North 73°53'13" West, a distance of 47.50 feet to an angle point;
South 49°24'27" West, a distance of 89.87 feet to an angle point;
North 75°14'40" West, a distance of 40.66 feet to an angle point;
South 43°53'50" West, a distance of 146.10 feet to an angle point;
South 25°05'22" West, a distance of 134.50 feet to an angle point;
South 83°33'17" West, a distance of 49.30 feet to an angle point;
South 21°22'27" West, a distance of 73.69 feet to an angle point;
North 77°09'16" West, a distance of 62.96 feet to an angle point;
South 59°48'42" West, a distance of 48.72 feet to an angle point;

Exhibit "A," Page 2

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METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 3 OF 4

North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;
North 27°29'30" East, a distance of 63.48 feet to an angle point;
North 19°02'35" East, a distance of 103.93 feet to an angle point;
North 14°38'12" East, a distance of 53.72 feet to an angle point;
North 13°22'21" West, a distance of 9.00 feet to an angle point;
North 15°04'35" East, a distance of 70.83 feet to an angle point;
North 31°32'46" West, a distance of 52.49 feet to an angle point;

Exhibit "A," Page 3

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METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 4 OF 4

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 106.472 acres (4,637,900 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.L.S Firm No. 10084800
150 W. Shadowbend, Suite 304
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
October 20, 2022

APPENDIX A – ENGINEER’S REPORT

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FRIENDSWOOD CITY CENTER

PUBLIC IMPROVEMENTS DISTRICT (PID)

ENGINEERING REPORT



Ward, Getz and Associates, PLLC

1020 NE Loop 410, Suite 800
San Antonio, TX 78209
(210) 585-3700

WGA Project# 70455-016

September 24, 2024



Friendswood City Center

Public Improvements District (PID) Engineering Report

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1.	Introduction	1
2.	Development Improvements.....	1
3.	Development Improvement Descriptions.....	1
4.	Development Costs	3
4.	Development and Construction Schedule.....	3

Exhibit – E1 Overall P.I.D. Boundary

Appendix A – Initial Major Improvements

Engineer's Opinion of Probable Construction Cost

- A1 – Initial Major Improvements – Phase 1 Storm Drain and Detention Improvements
- A2 – Initial Major Improvements – Larrabee Way & Phase 1 Roadway Improvements
- A3 – Initial Major Improvements – Phase 1 Sidewalk Improvements
- A4 – Initial Major Improvements – Phase 1 FM 528 Intersection Improvements
- A5 – Initial Major Improvements – Sheet Piling Plan and Retaining Wall Improvements

Appendix B– Additional Major Improvements

Engineer's Opinion of Probable Construction Cost

- B1 – Additional Major Improvements – Phase 2 Storm Drain and Detention Improvements
- B2 – Additional Major Improvements – Phase 2 Roadway Improvements
- B3 – Additional Major Improvements – Phase 2 Sidewalk Improvements
- B4 – Additional Major Improvements – Phase 2 Intersection Improvements
- B5 – Additional Major Improvements – Water System
- B6 – Additional Major Improvements – Wastewater System
- B7 – Additional Major Improvements – Fire Station
- B8 – Additional Major Improvements – Park Improvements
- B9 – Additional Major Improvements – Lighting Improvements

Friendswood City Center

Public Improvements District (PID) Engineering Report

1. Introduction

The Friendswood City Center Development proposes that a Public Improvement District (PID) be created to facilitate the development of 124.6 Acres of land along E. F.M. 528 at its intersection of Blackhawk Blvd. in the Harris County portion of Friendswood, TX. The site is within Harris County, adjacent to Clear Creek which is the boundary between Harris and Galveston Counties.

The development will include multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Blvd. to W. Bay Area Blvd., and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties. This report includes supporting documentation related to the formation of a Public Improvements District (PID).

2. Development Improvements

Development improvements have been defined as **Initial Major Improvements** and **Additional Major Improvements**.

The **Initial Major Improvements** are depicted in **Appendix A**, and the **Additional Major Improvements** are depicted in **Appendix B**, of this report.

Development improvements will be designed and constructed in accordance with City of Friendswood Standards and Specifications and will be owned and operated by the City of Friendswood unless otherwise indicated. Development Improvements are depicted below.

3. Development Improvement Descriptions

3.1 Initial Major Improvements - Detention, Roadway, & Storm Drain

Detention & Storm Drain Initial Major Improvements will include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide drainage service to Improvements for Friendswood City Center. Included are two permanent flood control detention ponds, called Detention Pond 1 and Detention Pond 2 respectively, clearing, excavation, piping for inbound and outbound drainage lines and outlet structures for both Detention Pond 1 and Detention Pond 2. Detention Pond 1 Excavation Fill on-site is calculated to be approximately 268,371 CY, Detention Pond 1 Excavation Fill Off-Site is approximately 336,062 CY, and Detention Pond 2 Excavation Fill Off-Site is approximately 105,952 CY. Detention Pond clearing, excavation, and all necessary appurtenances required for the construction of the detention ponds. The two detention ponds are being constructed to account for additional storage capacity for the benefit of the public. Storm improvements are shown below in Appendix 3 and are labeled accordingly as Phase I of the Overall Storm Improvements in the **Initial Major Improvements** Cost Estimate included in Appendix "A". Phase 1 of the Storm Improvements include 314 LF of 12" RCP, 409 LF of 15" RCP, 3,675 LF of 24" RCP, 984 LF of 30" RCP, 1,354 LF of 36" RCP, 485 LF of 42" RCP, 555 LF total of 48" pipe material, 461 LF of 60" RCP, 691 LF of 72" RCP, 1,085 LF of 84" RCP, as well as 773 LF of 6'x6' Reinforced Concrete Precast Boxes.

Initial Major Roadway Improvement items include construction of Phase 1 of an extension of Blackhawk Blvd from F.M. 528 to Larrabee Way which is calculated to be approximately 3,512 SY of roadway construction. Construction of Other Roadway Improvements included in Initial Roadway Improvements, Madison Ave., Townes Rd, and Larrabee Way, are calculated to be approximately 18,094 SY of Roadway Improvement. Initial Major Roadway Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, and construction testing. Proposed sidewalk improvements for the benefit of walkability within the site as well as better access from FM 528 for pedestrian traffic. These sidewalk improvements consist of 3,621 SY of sidewalk considered Phase 1 of the overall sidewalk improvements for the project.

Initial Major Signalization improvements at FM 528 & Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications; as well as adding a southbound left turn lane on Townes Rd. to balance the new (widening) approach to FM 528 northbound from the new development. Initial Major Signalization improvements at FM 528 and Blackhawk Blvd. will include upgrading the existing traffic signal to full operation to current Texas Department of Transportation specifications with the new south leg of the intersection as well as adding a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to FM 528 for access management purposes.

Costs related to designing, constructing, installing, and financing the Initial Major Improvements of Friendswood City Center are outlined in the "Initial Major Improvements – Engineer's Opinion of Probable Costs" contained in Appendix "A" of this report. These costs include land planning, engineering design (*consultant fees*), City fees, soil testing, survey, construction management, legal fees, contingency, inspection fees, district formation costs, and other PID costs. These costs will be initially incurred by the Developer. The City of Friendswood, TX will reimburse the developer per a Tax Reimbursement Investment Zone (TIRZ) Agreement prepared separately.

3.2 Additional Major Improvements

Additional Major Water Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide improvements to Friendswood City Center. There will be 12" water lines constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a 12" water line along Townes Rd. Bennett Blvd. and Larrabee Way will have an 8" water line running across connecting the 12" water lines on Townes Rd. and Blackhawk Blvd.

Additional Major Wastewater Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, and testing among others constructed to the City of Friendswood standards required to provide wastewater service to improvements to Friendswood City Center. Construction will consist of an 8" wastewater lines along Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from an 8" wastewater line to a 12" wastewater line tying into a proposed Sanitary Lift Station south of the site on Blackhawk Blvd. The approximate total amount of wastewater line material will include 1,705 LF of 12" PVC total, and 1,859 LF of 8" PVC total.

A proposed Sanitary Lift Station is slated to cost an estimated \$1,331,000 and will tie into the manhole on West Bay Area Blvd. An existing 8" Sanitary Sewer Line and Sanitary Lift Station that currently service Clear Creek Community Church will be abandoned and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center Sanitary Sewer system near the Blackhawk Blvd and F.M. 528 connection.

Additional Major Signalization Improvements at West Bay Area Blvd. will include a left turn lane addition at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd for access management purposes.

Additional Major Storm Improvements are tabulated in the "Additional Major Improvements Cost Estimate" found in Appendix "B" of this report. These improvements include trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide drainage service to Improvements for Friendswood City Center.

For Additional Major Landscaping, Parks and Amenities Major Improvements see attached Memorandum provided by Diamond Development Group (Titled "Landscape, Parks, and Amenities Friendswood City Center").

Additional Major Improvements will include the construction of an estimated \$8,000,000 fire station for use by the City of Friendswood for the benefit of the public. This fire station will be constructed off Phase 2 of the Blackhawk Blvd. expansion.

Costs related to designing, constructing, installing, and financing the Additional Major Improvements of Friendswood City Center are outlined in the "Additional Major Improvements – Engineer's Opinion of Probable Costs" contained in Appendix "B" of this report. These costs include land planning, engineering design (*/consultant fees*), City fees, soil testing, survey, construction management, legal fees, contingency, inspection fees, district formation costs, and other PID costs. These costs will be initially incurred by the Developer. The City of Friendswood, TX will reimburse the developer per a Tax Reimbursement Investment Zone (TIRZ) Agreement prepared separately

3.3 Public Benefit

The development will provide several benefits to the public including (but not limited to) the construction of multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Blvd. to W. Bay Area Blvd., an extensive park and trail system, pedestrian friendly streets, and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties.

4. Development Costs

An Engineers' Opinion of Probable Cost (OPC) has been prepared for both the **Initial Major improvements** and **Additional Major Improvements** described above and are included as the **Initial Major Improvements Engineer's Opinion of Probable Cost** in **Appendix A** and **Additional Major Improvements Engineer's Opinion of Probable Cost** in **Appendix B**, respectively. The Opinion of Probable Costs are based on contractor pricing, Diamond Development Group's expertise in Landscaping, Parks and amenities, and WGA's reasonable professional judgement and experience and does not constitute a warranty, expressed or implied. Actual costs may vary.

5. Development and Construction Schedule

5.1 Design Stage

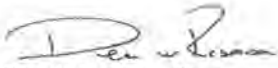
The overall site has been designed and the preliminary plat has been approved by the City of Friendswood and City Council. The civil plans are currently under review by the City of Friendswood. The project has received Drainage Approval from Harris County Flood Control District. A final plat has been completed and is currently under review by the City of Friendswood. The city has sufficient sewer and water capacity for the entire project. Contracts have been entered on all reserves on-site.

5.2 Construction Stage

- Initial Major Improvements – Begin Construction: Quarter 2 of 2024; End Construction: Quarter 3 of 2025
- Additional Major Improvements – Begin Construction: Quarter 2 of 2025; End Construction: Quarter 2 of 2026

Thank you for your review of this letter. Should you have any questions or wish to discuss this submittal in detail, please contact me at 210.585.3700 or drasmuson@wga-llp.com.

Sincerely,



Dean W. Rasmuson, PE
Senior Engineering Advisor



1020 NE Loop 410, Ste. 800 | San Antonio, TX 78209
O: 210-586-3700 D: 210-455-1320

APPENDIX A

Initial Major Improvements



FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

CONSTRUCTION COST SUMMARY

UNIT A: POLLUTION PREVENTION AND MISCELLANEOUS *UNIT A NOT INCLUDED IN CONSTRUCTION CONTINGENCY*	\$	102,790
UNIT B: SITE PREPARATION	\$	237,253
UNIT C: CLEARING, GRUBBING, & DEMOLITION	\$	3,226,763
UNIT D: EARTHWORK, PAVING & GRADING	\$	9,734,600
UNIT E: FM 528 TRAFFIC IMPROVEMENTS	\$	1,200,000
UNIT F: DETENTION	\$	8,886,907
UNIT G: STORM DRAINAGE SYSTEM	\$	5,144,261
CONSTRUCTION CONTINGENCIES (13%)	\$	3,695,872
UNIT H: PROFESSIONAL FEES	\$	1,611,721
TOTAL ESTIMATED CONSTRUCTION COST INITIAL MAJOR IMPROVEMENTS	\$	33,840,166

Note: Consultant Engineering Design and other Fees are included in the
"Additional Major Improvements" Cost Estimate found in Report
Appendix "B"

Submitted by:

Dean W. Rasmuson, PE
Sr. Engineering Advisor
F-9756

Notes: 1. All values rounded up to the nearest dollar amount. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT A: POLLUTION PREVENTION AND MISCELLANEOUS					
1.	Reinforced Filter Fabric Fence	LF	15,000	\$ 1.65	\$ 24,750
2.	Submit N.O.I.s & N.O.T.s, Review PPP, and posting of materials on job site.	LS	1	\$ 3,000.00	\$ 3,000
3.	Maintain and Repair RFFF	MO	12	\$ 3,000.00	\$ 36,000
4.	PPP Inspection and Reporting	MO	12	\$ 1,000.00	\$ 12,000
5.	Street Cleaning	HR	200	\$ 65.00	\$ 13,000
6.	Stabilized Construction Exit	EA	2	\$ 3,000.00	\$ 6,000
7.	Type II Filter Dam	EA	2	\$ 2,000.00	\$ 4,000
8.	Inlet Protection, Stage One	EA	19	\$ 80.00	\$ 1,520
9.	Inlet Protection, Stage Two	EA	42	\$ 60.00	\$ 2,520
UNIT A SUB-TOTAL BID					\$ 102,790

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT B: SITE PREPARATION					
1.	Mobilization	LS	1.00	\$ 202,252.85	\$ 202,253
2.	Construction Staking	LS	1.00	\$ 35,000.00	\$ 35,000
UNIT B SUB-TOTAL BID					\$ 237,253

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-018
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT C: CLEARING, GRUBBING, & DEMOLITION					
1.	Light Clearing - Chip and Haul' (including but not limited to removal of trees stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	22.81	\$ 23,207.13	\$ 529,355
2.	Heavy Clearing - Chip and Haul' (including but not limited to removal of tree stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	71.23	\$ 35,885.56	\$ 2,554,704
3.	3" Force Main Removal and Disposal, Complete in place	LF	2,778.18	\$ 25.00	\$ 69,455
4.	12" Waterline Removal and Disposal, Complete in place	LF	2,930.00	\$ 25.00	\$ 73,250
UNIT C SUB-TOTAL BID					\$ 3,226,763

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT D: EARTHWORK, PAVING & GRADING					
1.	Detention Pond 1 Excavation - Fill and Compaction Onsite, complete in place	CY	266,346.26	\$ 7.40	\$ 1,985,762
2a.	Flood - Detention Pond 1 Excavation - Fill Offsite, Complete in Place	CY	207,328.46	\$ 17.00	\$ 3,524,584
2b.	PID - Detention Pond 1 Excavation - Fill Offsite, Complete in Place	CY	128,733.54	\$ 17.00	\$ 2,188,470
3.	Utility Spoils - Fill Offsite.. Complete in place	CY	11,450	\$ 17.00	\$ 194,650
4.	Blackhawk Blvd Phase 1 - 7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	3,512	\$ 65.00	\$ 228,280
5.	Larrabee Way - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	12,275	\$ 63.00	\$ 773,333
6.	Madison Ave Phase 1 - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	1,543	\$ 60.00	\$ 92,603
7.	Townes Road Phase 1 - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	4,276	\$ 60.00	\$ 256,560
8.	6" Reinforced Concrete Curb, Complete in place	LF	7,802	\$ 4.20	\$ 32,768
9.	Blackhawk Blvd Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	3,512	\$ 3.60	\$ 12,643
10.	Larrabee Way Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	12,275	\$ 3.60	\$ 44,190
11.	Madison Ave Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	1,543	\$ 3.60	\$ 5,556
12.	Townes Road Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	4,276	\$ 3.60	\$ 15,395
13.	Phase 1 - 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	3,621	\$ 40.00	\$ 144,840
14.	Phase 1 - 2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	3,621	\$ 2.00	\$ 7,242
15.	Phase 1 - Traffic/Street Name Sign, Complete in Place	EA	10	\$ 3,000.00	\$ 30,000
16.	Phase 1 - Striping, Complete in Place	LS	3,350	\$ 1.55	\$ 5,193
17.	Phase 1 - Wheelchair Ramps	EA	35	\$ 5,500.00	\$ 192,500
UNIT D SUB-TOTAL BID				\$	9,734,600

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT E: FM 528 TRAFFIC IMPROVEMENTS					
1.	Blackhawk Intersection Signalization Improvements, Complete in place	LS	1	\$ 500,000.00	\$ 500,000
2.	Townes Road Intersection Signalization Improvements, Complete in place	LS	1	\$ 400,000.00	\$ 400,000
3.	Left Turn Lane Southbound at Townes Rd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
4.	Left Turn Lane Southbound at Blackhawk Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
UNIT E SUB-TOTAL BID					\$ 1,200,000

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT F: DETENTION					
1.	Detention Pond 1 - Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCO Standards), Complete in Place	EA	6	\$ 14,500.00	\$ 87,000
2.	Detention Pond 1 - Backslope Swale, Complete in Place	LF	2,860	\$ 5.50	\$ 15,675
3.	Detention Pond 1 - Stabilization Utilizing Flexterra High Performance Flexible Growth Medium (HPF) w/ 1 Inch within the first 6 Weeks. All Seeds to Have 95% Germination or Higher	AC	15	\$ 3,500.00	\$ 52,500
4.	Sheet Piling (20 Tall from Top of Bank to Bottom of Pond), Complete in Place	LF	1,400	\$ 3,000.00	\$ 4,200,000
5.	Dewatering	LS	1	\$ 500,000.00	\$ 500,000
6.	Reinforced Concrete Slope Paving (5" thick per HCFCO Standards), Complete in Place	SY	1,780	\$ 100.00	\$ 178,000
7.	Riprap - Gradation No. 1 (18" thick per HCFCO Standards), Complete in Place	SY	927	\$ 65.00	\$ 60,255
8.	Floatable Collection Screen Structure (Per HCFCO Standards), Complete in Place	LS	1	\$ 75,000.00	\$ 75,000
9.	4' Retaining Wall Cast in Place, Complete in Place	LF	2,800	\$ 500.00	\$ 1,400,000
10.	8' Retaining Wall Cast in Place, Complete in Place	LF	300	\$ 1,000.00	\$ 300,000
11.	PID - Detention Pond 2 Excavation - Fill Offsite, Complete in place	CY	39,928	\$ 18.50	\$ 738,659
12.	PID - Detention Pond 2 Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCO Standards), Complete in Place	EA	2	\$ 14,500.00	\$ 29,000
13.	PID - Detention Pond 2 Backslope Swale, Complete in Place	LF	1,150	\$ 5.50	\$ 6,325
14.	PID - Detention Pond 2 Stabilization Utilizing Standard Hydromulch w/ 1 Inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	6	\$ 3,000.00	\$ 17,040
15.	Public Benefit - Detention Pond 2 Excavation - Fill Offsite, Complete in place	CY	66,024	\$ 18.50	\$ 1,221,453
16.	Public Benefit - Stabilization Utilizing Standard Hydromulch w/ 1 Inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	2	\$ 3,000.00	\$ 6,000
UNIT F SUB-TOTAL BID					\$ 8,886,907

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

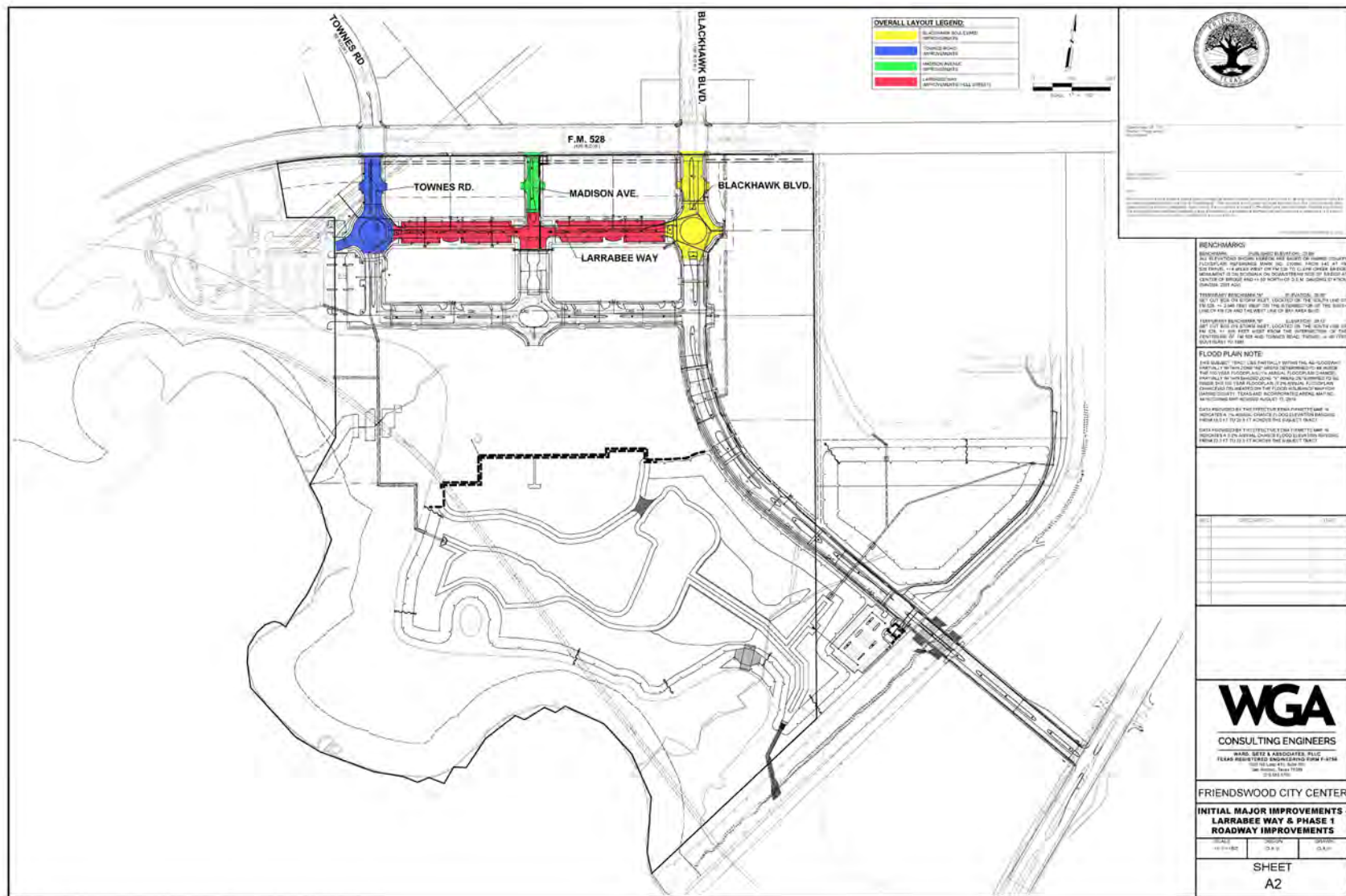
ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT G: STORM DRAINAGE SYSTEM					
1.	Phase 1 - 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	314	\$ 57.50	\$ 18,055
2.	Phase 1 - 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	409	\$ 86.25	\$ 35,276
3.	Phase 1 - 24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	3,675	\$ 115.00	\$ 422,625
4.	Phase 1 - 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	984	\$ 145.00	\$ 142,680
5.	Phase 1 - 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,354	\$ 200.00	\$ 270,800
6.	Phase 1 - 42" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	485	\$ 285.00	\$ 138,225
7.	Phase 1 - 48" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	325	\$ 320.00	\$ 104,000
8.	Phase 1 - 48" CMP (All Cuts), Complete in Place	LF	230	\$ 320.00	\$ 73,600
9.	Phase 1 - 60" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	461	\$ 500.00	\$ 230,500
10.	Phase 1 - 72" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	891	\$ 730.00	\$ 604,430
11.	Phase 1 - 84" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,085	\$ 1,100.00	\$ 1,193,500
12.	Phase 1 - 6'x8' Reinforced Concrete Box, C1433 (All Cuts), Complete in Place	LF	773	\$ 1,250.00	\$ 966,250
13.	Phase 1 - Trench Dewatering	LF	5,035	\$ 35.00	\$ 176,225
14.	Phase 1 - Type "A" Inlet, Complete in Place	EA	13	\$ 5,500.00	\$ 71,500
15.	Phase 1 - Type "B-B" Inlet, Complete in Place	EA	38	\$ 4,500.00	\$ 171,000
16.	Phase 1 - Type "C" Manhole (42" and smaller), Complete in Place	EA	48	\$ 4,500.00	\$ 216,000
17.	Phase 1 - Type "C" Manhole (42" and smaller) w/ Ty."A" Inlet, Complete in Place	EA	7	\$ 7,500.00	\$ 52,500
18.	Phase 1 - Type "C" Manhole (48"-72"), Complete in Place	EA	13	\$ 9,000.00	\$ 117,000
19.	Phase 1 - Type "C" Manhole (84" and Larger), Complete in Place	EA	15	\$ 15,000.00	\$ 225,000
20.	Phase 1 - OSHA Trench Safety System	LF	10,063	\$ 1.50	\$ 15,095
UNIT G SUB-TOTAL BID					\$ 5,144,261

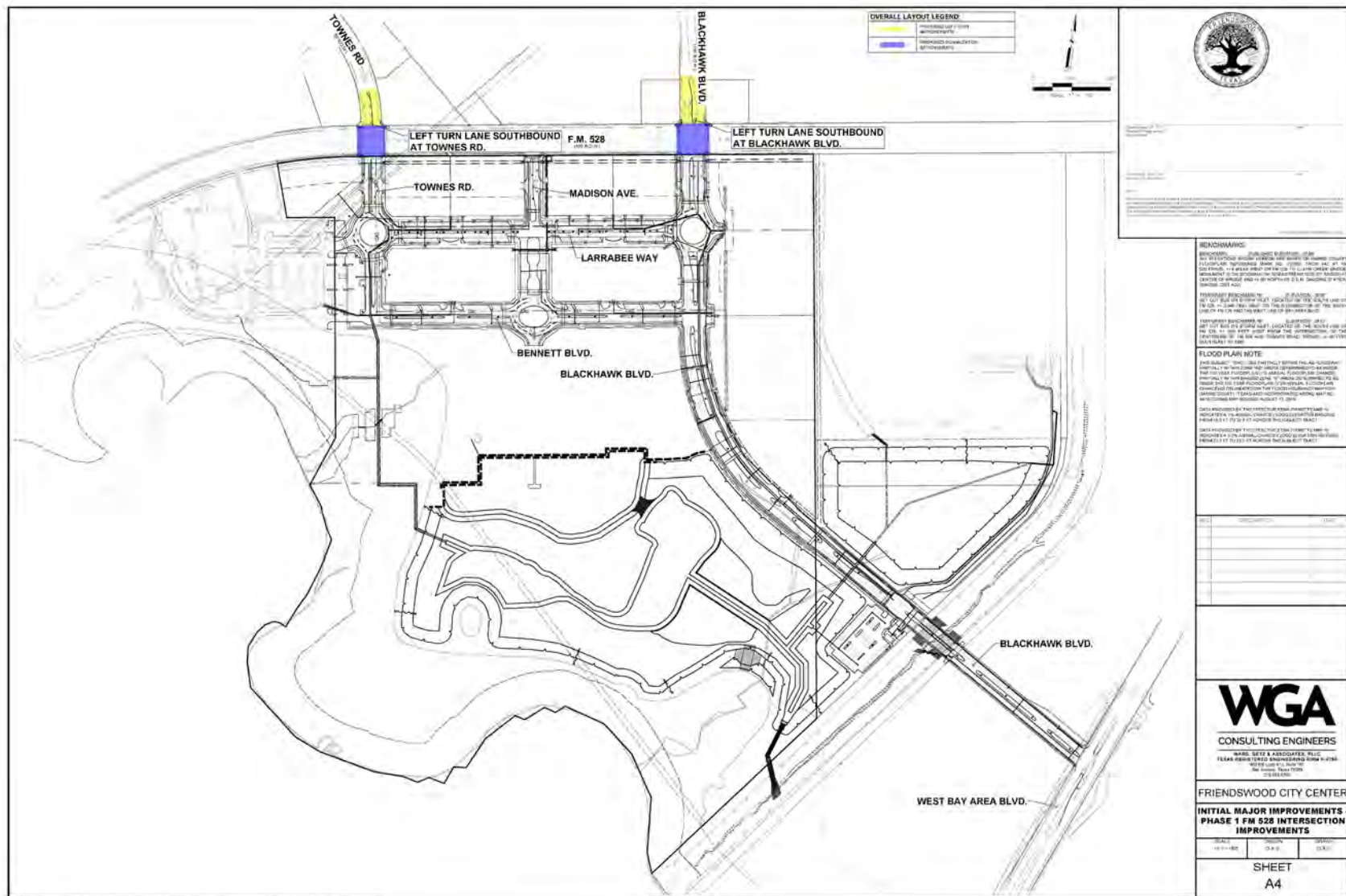
Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

<u>UNIT H: PROFESSIONAL FEES</u>	Amount
<u>Drainage and Flood Mitigation</u>	
Geotechnical Investigation to date (Riner Engineering)	\$ 26,291
Project Coordination (Tannos Development)	\$ 25,988
Schematic, design, development documents (DDG)	\$ 212,625
Civil Engineering (WGA)	\$ 1,034,600
Security Fencing (American Fence)	\$ 9,983
Land clear to install security fence (All-Tex)	\$ 6,000
Staking for security fence placement (Boundary One)	\$ 1,850
Overhead (12%)	\$ 158,080
Miscellaneous Costs	\$ 136,305
DRAINAGE AND FLOOD FEES ITEMS SUB-TOTAL	\$ 1,611,721
 TOTAL UNIT H: PROFESSIONAL FEES	 \$ 1,611,721

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.





APPENDIX B

Additional Major Improvements



FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT

ADDITIONAL MAJOR IMPROVEMENTS

ENGINEER'S OPINION OF PROBABLE COST

PROJECT NO. 70455-016

9/24/2024

CONSTRUCTION COST SUMMARY

UNIT I: EARTHWORK, PAVING & GRADING	\$	3,400,250
UNIT J: WATER DISTRIBUTION SYSTEM	\$	1,007,036
UNIT K: STORM DRAINAGE SYSTEM	\$	179,101
UNIT L: SANITARY SEWER SYSTEM	\$	862,879
UNIT M: SANITARY LIFT STATION	\$	1,330,700
UNIT N: MISCELLANEOUS - LANDSCAPING	\$	5,597,472
UNIT O: MISCELLANEOUS - CIVIL	\$	3,063,184
UNIT P: FIRE STATION	\$	1,032,520
'ADDITIONAL COST CHARGE TO TIRZ'		
CONSTRUCTION CONTINGENCIES (13%)	\$	2,141,508
UNIT Q: PROFESSIONAL FEES	\$	2,981,848

**TOTAL ESTIMATED CONSTRUCTION COSTS
ADDITIONAL MAJOR IMPROVEMENTS**

\$ 21,596,499

Submitted by:

Dean W. Rasmuson, PE
Sr. Engineering Advisor
F-9756

Notes: 1. All values rounded up to the nearest dollar amount. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT I: EARTHWORK, PAVING & GRADING					
1.	Blackhawk Blvd Phase II - 7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	17,711	\$ 70.00	\$ 1,239,770
2.	Madison Ave Phase II - 6" 4,000 PSI Reinforced Concrete Pavement, complete in place.	SY	3,114	\$ 65.00	\$ 202,442
3.	Townes Road Phase II - 6" 4,000 PSI Reinforced Concrete Pavement, complete in place.	SY	4,723	\$ 65.00	\$ 306,990
4.	Bennett Blvd Phase II - 6" 4,000 PSI Reinforced Concrete Pavement complete in place.	SY	11,728	\$ 65.00	\$ 762,310
5.	6" Reinforced Concrete Curb, Complete in place	LF	24,263	\$ 4.20	\$ 101,905
6.	Blackhawk Blvd Phase II - 8" Stabilized Subgrade, complete in place	SY	17,711	\$ 3.60	\$ 63,760
7.	Madison Ave Phase II - 8" Stabilized Subgrade, complete in place.	SY	3,114	\$ 3.60	\$ 11,212
8.	Townes Road Phase II - 8" Stabilized Subgrade, complete in place.	SY	4,723	\$ 3.60	\$ 17,003
9.	Bennett Blvd Phase II - 8" Stabilized Subgrade, complete in place.	SY	11,728	\$ 3.60	\$ 42,220
10.	Phase II - 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	7,463	\$ 40.00	\$ 298,520
11.	Phase II - 2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	7,463	\$ 2.00	\$ 14,926
12.	Phase II - Traffic/Street Name Sign, Complete in Place	EA	27	\$ 3,000.00	\$ 81,000
13.	Phase II - Striping, Complete in Place	LS	3,350	\$ 1.55	\$ 5,193
14.	Phase II - Wheelchair Ramps	EA	46	\$ 5,500.00	\$ 253,000
UNIT I SUB-TOTAL BID					\$ 3,400,250

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT J: WATER DISTRIBUTION SYSTEM					
1.	12" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	4,861	\$ 80.00	\$ 388,880
2.	10" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	162	\$ 55.00	\$ 8,910
3.	8" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	1,748	\$ 50.00	\$ 87,400
4.	1.5" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	87	\$ 30.00	\$ 2,610
5.	12" Jack and Bore, Complete in Place	LF	55	\$ 175.00	\$ 9,625
6.	12" Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000
7.	12" Wet Connection, Complete in Place	EA	3	\$ 2,400.00	\$ 7,200
8.	1.5" Plug and Clamp, Complete in Place	EA	1	\$ 200.00	\$ 200
9.	1.5" Meter, Complete in Place	EA	1	\$ 5,000.00	\$ 5,000
10.	1.5" Double Check Backflow Preventor, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500
11.	Fire Hydrant incl. Valve and Tee, Complete in Place	EA	14	\$ 7,500.00	\$ 105,000
12.	12" Gate Valve & Box, Complete in Place	EA	18	\$ 3,700.00	\$ 66,600
13.	10" Gate Valve & Box, Complete in Place	EA	6	\$ 3,000.00	\$ 18,000
14.	10" Plug and Clamp, Complete in Place	EA	2	\$ 1,200.00	\$ 2,400
15.	8" Gate Valve & Box, Complete in Place	EA	16	\$ 2,100.00	\$ 33,600
16.	8" Plug and Clamp, Complete in Place	EA	8	\$ 1,000.00	\$ 8,000
17.	1.5" Gate Valve & Box, Complete in Place	EA	1	\$ 572.00	\$ 572
18.	OSHA Trench Safety System	LF	7,028	\$ 1.50	\$ 10,539
UNIT J SUB-TOTAL BID					\$ 1,007,036

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT K: STORM DRAINAGE SYSTEM					
1.	Phase II - 24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	709	\$ 115.00	\$ 81,535
2.	Phase II - 48" CMP (All Cuts), Complete in Place	LF	125	\$ 320.00	\$ 40,000
3.	Phase II - Trench Dewatering	LF	709	\$ 35.00	\$ 24,815
4.	Phase II - Type "B-B" Inlet, Complete in Place	EA	4	\$ 4,500.00	\$ 18,000
5.	Phase II - Type "C" Manhole (42" and smaller), Complete in Place	EA	3	\$ 4,500.00	\$ 13,500
6.	Phase II - OSHA Trench Safety System	LF	834	\$ 1.50	\$ 1,251
UNIT K SUB-TOTAL BID					\$ 179,101

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT L: SANITARY SEWER SYSTEM</u>					
1.	12" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,122	\$ 85.00	\$ 95,370
2.	12" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	583	\$ 100.00	\$ 58,300
3.	8" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,256	\$ 50.00	\$ 62,800
4.	8" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	603	\$ 65.00	\$ 39,195
5.	Precast Concrete Manhole, Complete in Place	EA	22	\$ 6,000.00	\$ 132,000
6.	Extra Depth for Standard MH 8' - 12' Depth	VF	10	\$ 275.00	\$ 2,750
7.	Extra Depth for Standard MH Over 12' Depth	VF	57	\$ 300.00	\$ 17,100
8.	8" Sanitary Sewer Plug, Complete in Place	EA	25	\$ 1,000.00	\$ 25,000
9.	Trench Dewatering	LF	3,564	\$ 35.00	\$ 124,740
10.	6" Force Main, Complete in Place	LF	935	\$ 45.00	\$ 42,075
11.	8" Force Main Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000
12.	Air Release Valve for 6", Complete in Place	EA	1	\$ 4,000.00	\$ 4,000
13.	6" Force Main Tie Into Existing MH, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500
14.	OSHA Trench Safety System	LF	4,699	\$ 1.50	\$ 7,049
UNIT L SUB-TOTAL BID					\$ 862,879

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
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9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT M: SANITARY LIFT STATION</u>					
1.	Lift Station, Complete in Place	LS	1	\$ 1,250,000.00	\$ 1,250,000
2.	6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	370	\$ 60.00	\$ 22,200
3.	12' Wide 6' Chain Link Gate w/ 2' ft of barbed wire, Complete in place	EA	1	\$ 5,000.00	\$ 5,000
4.	6' Chain Link Fence w/ 2' ft of barbed wire, Complete in place	LF	214	\$ 250.00	\$ 53,500
UNIT M SUB-TOTAL BID					\$1,330,700

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT N: MISCELLANEOUS - LANDSCAPING					
1.	Bath House *	SF	650	\$ 435.00	\$ 282,750
2.	Site Utilities ROW *	EA	16	\$ 850.00	\$ 13,600
3.	Benches/ Admen *	EA	45	\$ 1,650.00	\$ 74,250
4.	Landscape ROW *	EA	1	\$ 2,450,000.00	\$ 2,450,000
5.	Pavers *	SF	35,600	\$ 15.00	\$ 534,000
6.	Decomposed Granite *	CF	80,903	\$ 5.88	\$ 475,707
7.	Concrete Edge Band *	CF	32,361	\$ 8.52	\$ 275,716
8.	Limestone Benches *	LF	56	\$ 1,200.00	\$ 67,200
9.	Landscape *	EA	12,000	\$ 50.00	\$ 600,000
10.	Street Lights w/ foundation, Complete in Place	EA	30	\$ 20,000.00	\$ 600,000
11.	Solar Lighting *	EA	65	\$ 3,450.00	\$ 224,250
UNIT N SUB-TOTAL BID					\$ 5,597,472

* LANDSCAPING, PARK, AND AMMENITY ESTIMATES ON THIS ENGINEER'S OPINION OF PROBABLE COST WERE PROVIDED BY DIAMOND DEVELOPMENT GROUP.

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT O: MISCELLANEOUS - CIVIL					
1.	Left Turn Lane NorthEastbound at Bay Area Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
2.	Bridge Westbound (2 lanes) on Blackhawk from Station 27+42.67 to 25+70. Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000
3.	Bridge Eastbound (2 lanes) on Blackhawk from Station 25+72.33 to 27+37.33. Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000
4.	CCISD Road 6" 3,500 PSI Reinforced Concrete Pavement, Complete in place	SY	3,950	\$ 55.00	\$ 217,250
5.	CCISD Road 6" Reinforced Concrete Curb, Complete in place	LF	2,269	\$ 4.20	\$ 9,530
6.	CCISD Road 8" Stabilized Subgrade, Complete in place	SY	4,215	\$ 3.60	\$ 15,174
7.	CCISD Road 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk) Complete in place	SY	244	\$ 40.00	\$ 9,760
8.	CCISD Road 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	321	\$ 80.00	\$ 25,680
9.	CCISD Road 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	416	\$ 100.00	\$ 41,600
10.	CCISD Road 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	222	\$ 145.00	\$ 32,190
11.	CCISD Road 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	85	\$ 200.00	\$ 17,000
12.	CCISD Road Type "C" Manhole (42" and smaller) w/ Ty."A" Inlet, Complete in Place	EA	6	\$ 7,500.00	\$ 45,000
13.	CCISD Road Street Lights w/ foundation, Complete in Place	EA	5	\$ 20,000.00	\$ 100,000
UNIT O SUB-TOTAL BID					\$ 3,063,184

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
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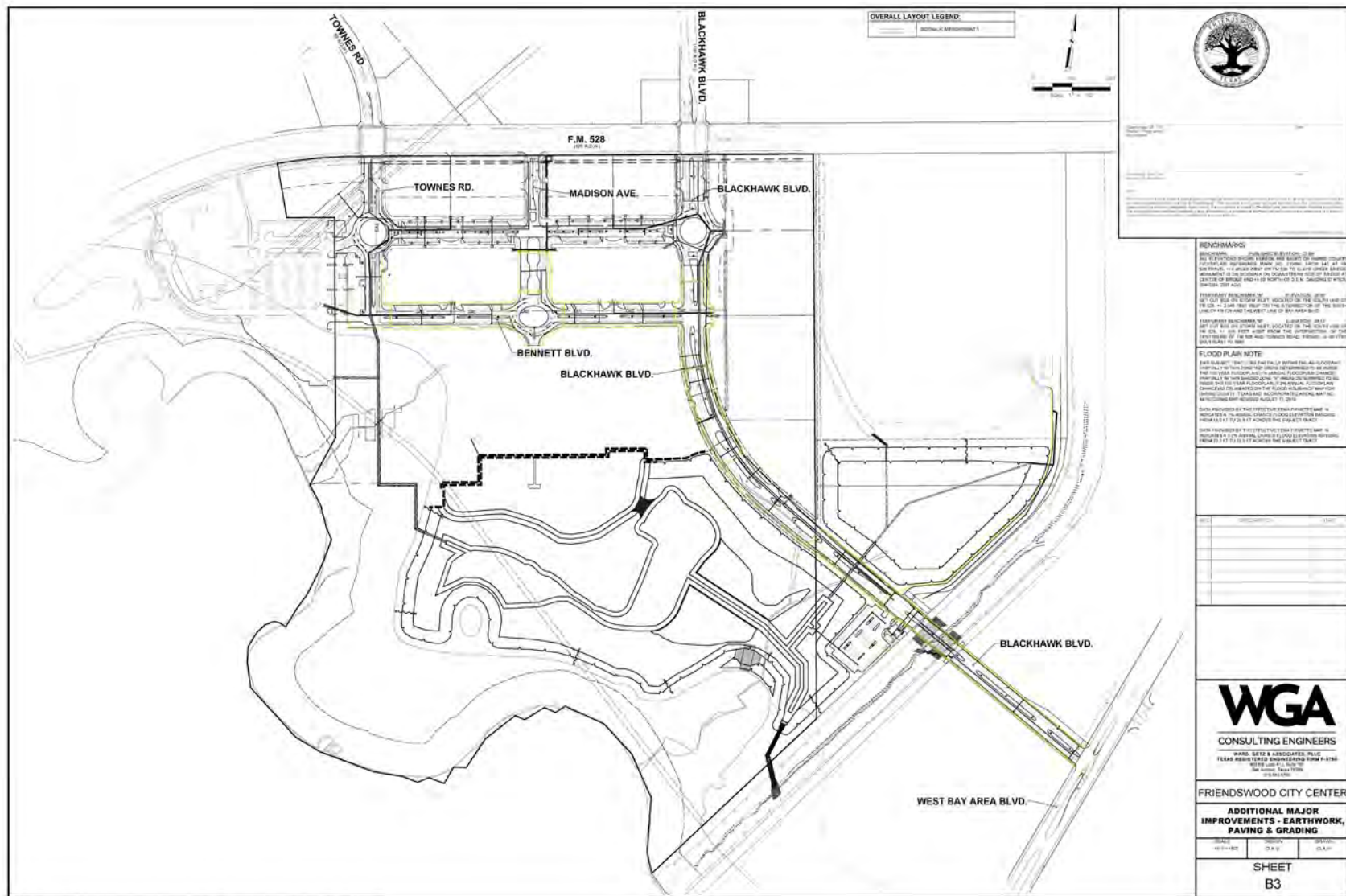
ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT P: FIRE STATION</u>					
1.	Fire Station	LS	1	\$ 1,032,520.00	\$ 1,032,520
UNIT P SUB-TOTAL BID					\$ 1,032,520

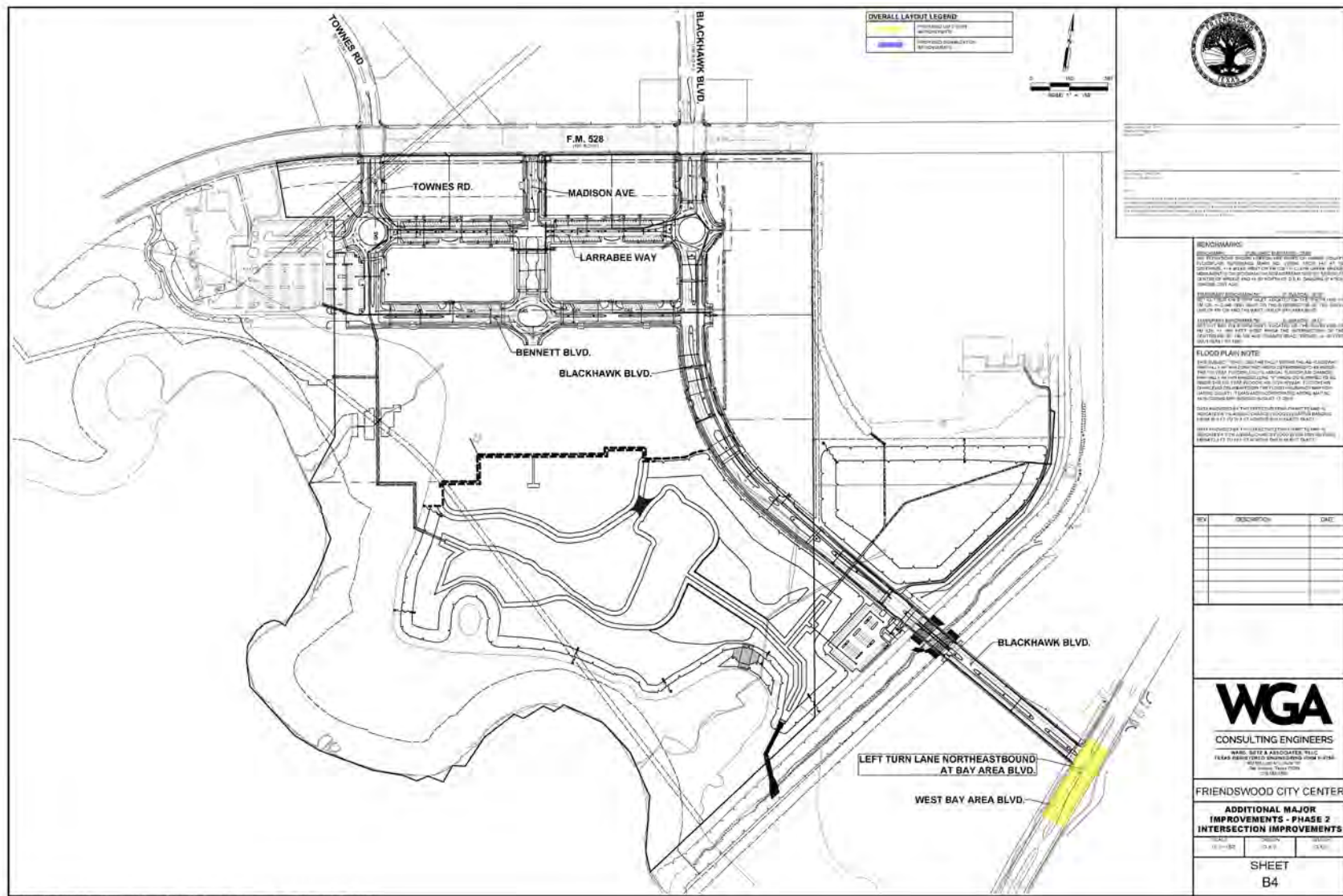
Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

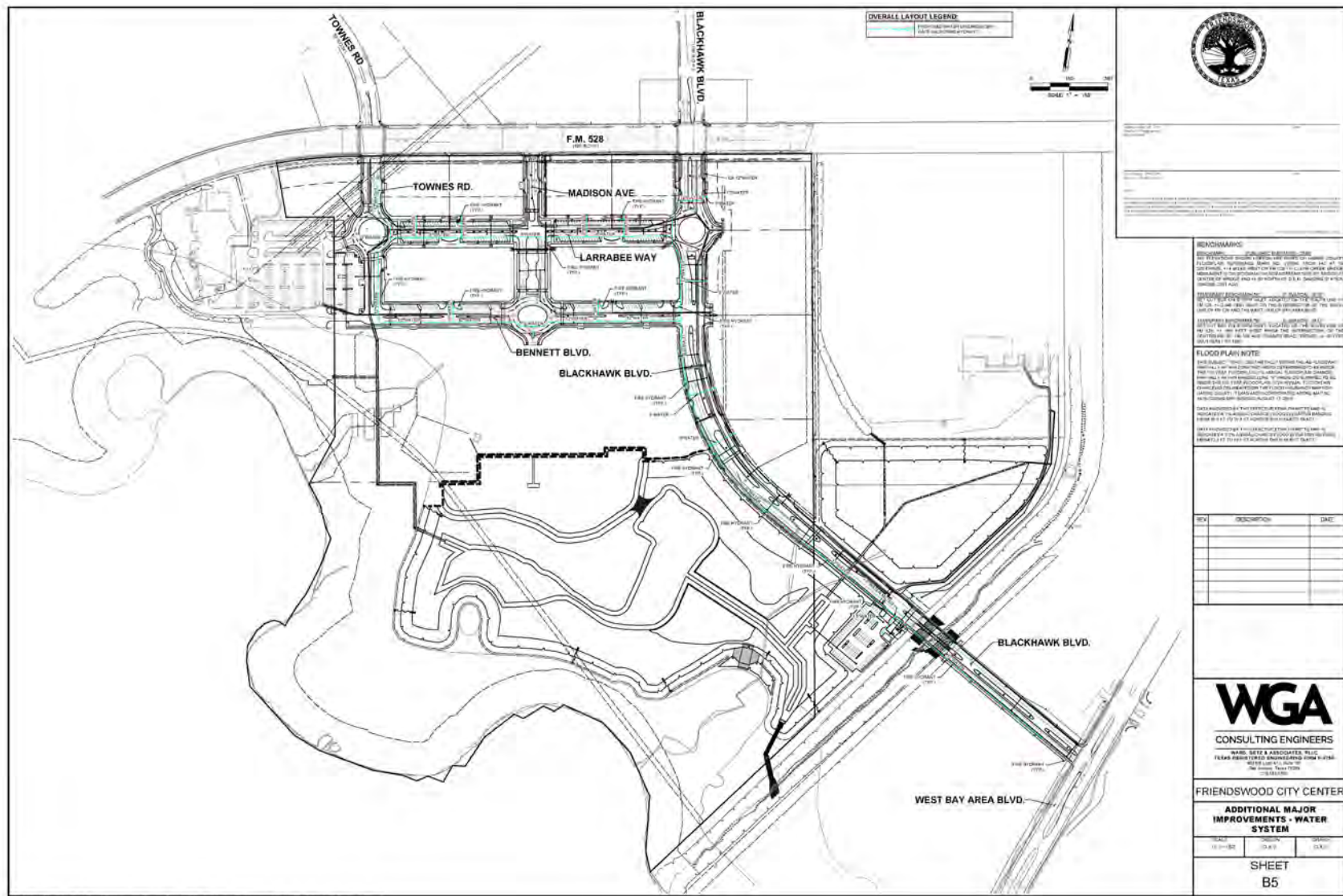
FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
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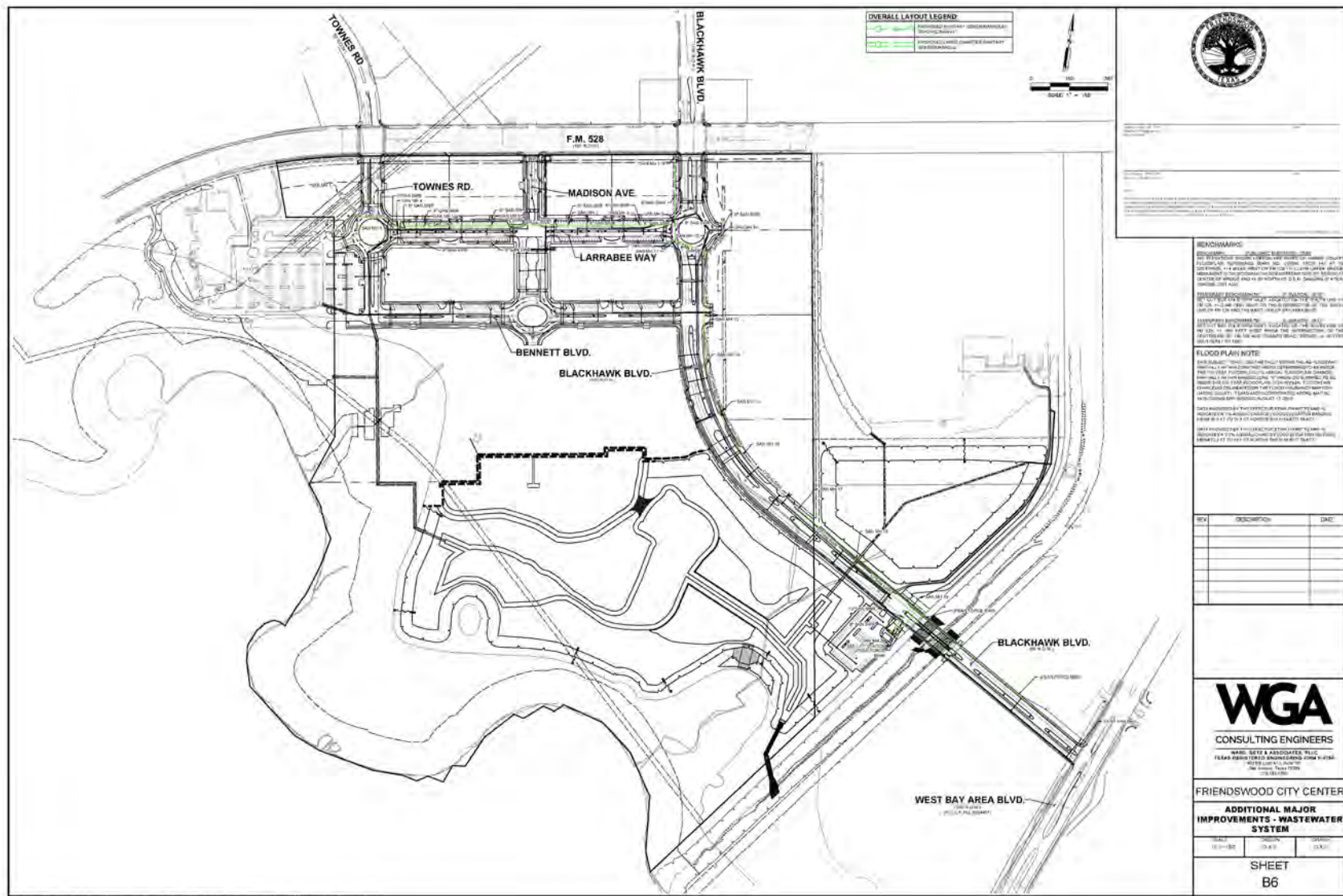
<u>UNIT Q: PROFESSIONAL FEES</u>	Amount
<u>Other Engineering & Professional Fees</u>	
Engineering & Surveying through Change Order No. 6	\$ 959,050
Geotechnical Engineering	\$ 47,151
Surveying by Boundary 1	\$ 14,354
Diamond Development Group	\$ 1,861,293
Legal - Wolfgramm	\$ 100,000
PID ITEMS SUB-TOTAL BID	\$ 2,981,848
TOTAL UNIT Q: PROFESSIONAL FEES	\$ 2,981,848

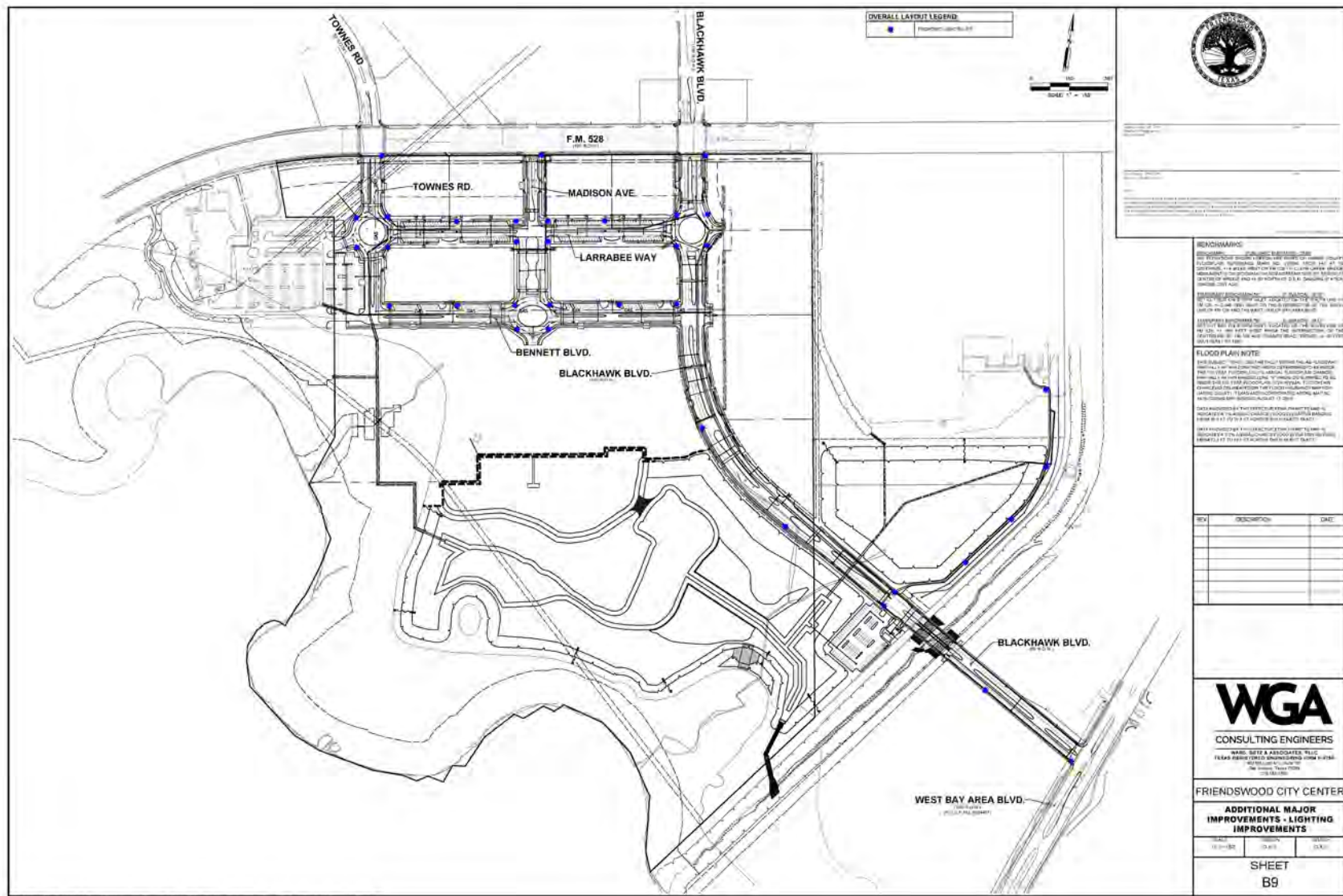
Notes: **1.** All values rounded up to the nearest hundred. **2.** This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

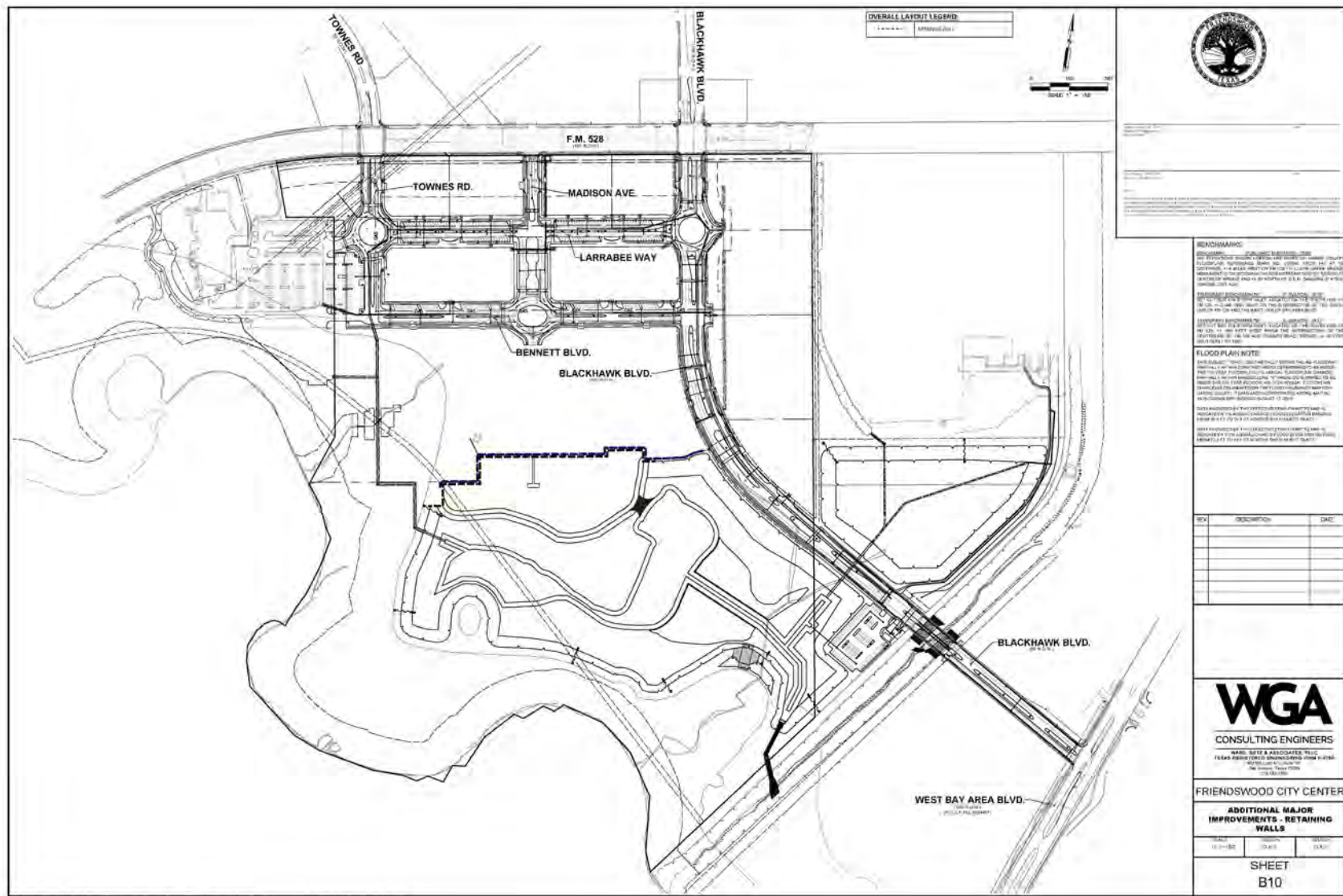












APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this Appendix:

- o Initial Parcel
- o Lot Type 1
- o Lot Type 2
- o Lot Type 3
- o Lot Type 4
- o Lot Type 5

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE INITIAL PARCEL**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

INITIAL PARCEL PRINCIPAL ASSESSMENT: \$55,322,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS - INITIAL PARCEL

	Initial Major Improvement Bonds								Additional Major Improvement Reimbursement Obligation ^[e]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[a]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due		
2025	\$ -	\$ 2,092,708	\$ (2,092,708)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,110	\$ -	\$ -	
2026	\$ -	\$ 2,625,000	\$ (2,625,000)	\$ 45,900	\$ 187,500	\$ -	\$ 45,900	\$ -	\$ -	\$ 35,700	\$ -	\$ -	\$ 89,110	\$ 35,700	\$ 81,600	
2027	\$ 438,000	\$ 2,625,000	\$ -	\$ 46,818	\$ 187,500	\$ -	\$ 3,109,818	\$ 266,000	\$ 1,247,540	\$ 36,414	\$ -	\$ -	\$ 89,110	\$ 1,549,954	\$ 4,659,772	
2028	\$ 469,000	\$ 2,594,340	\$ -	\$ 47,754	\$ 185,310	\$ -	\$ 3,111,094	\$ 282,000	\$ 1,228,920	\$ 37,142	\$ -	\$ -	\$ 87,780	\$ 1,548,062	\$ 4,659,157	
2029	\$ 504,000	\$ 2,561,510	\$ -	\$ 48,709	\$ 182,965	\$ -	\$ 3,114,219	\$ 298,000	\$ 1,209,180	\$ 37,885	\$ -	\$ -	\$ 86,370	\$ 1,545,065	\$ 4,659,285	
2030	\$ 540,000	\$ 2,526,230	\$ -	\$ 49,684	\$ 180,445	\$ -	\$ 3,115,914	\$ 316,000	\$ 1,188,320	\$ 38,643	\$ -	\$ -	\$ 84,880	\$ 1,542,963	\$ 4,658,876	
2031	\$ 580,000	\$ 2,488,430	\$ -	\$ 50,677	\$ 177,745	\$ -	\$ 3,119,107	\$ 335,000	\$ 1,166,200	\$ 39,416	\$ -	\$ -	\$ 83,300	\$ 1,540,616	\$ 4,659,723	
2032	\$ 622,000	\$ 2,447,830	\$ -	\$ 51,691	\$ 174,845	\$ -	\$ 3,121,521	\$ 355,000	\$ 1,142,750	\$ 40,204	\$ -	\$ -	\$ 81,625	\$ 1,537,954	\$ 4,659,475	
2033	\$ 668,000	\$ 2,404,290	\$ -	\$ 52,725	\$ 171,735	\$ -	\$ 3,125,015	\$ 375,000	\$ 1,117,900	\$ 41,008	\$ -	\$ -	\$ 79,850	\$ 1,533,908	\$ 4,658,923	
2034	\$ 717,000	\$ 2,357,530	\$ -	\$ 53,779	\$ 168,395	\$ -	\$ 3,128,309	\$ 398,000	\$ 1,091,650	\$ 41,828	\$ -	\$ -	\$ 77,975	\$ 1,531,478	\$ 4,659,787	
2035	\$ 770,000	\$ 2,307,340	\$ -	\$ 54,855	\$ 164,810	\$ -	\$ 3,132,195	\$ 421,000	\$ 1,063,790	\$ 42,665	\$ -	\$ -	\$ 75,985	\$ 1,527,455	\$ 4,659,650	
2036	\$ 827,000	\$ 2,253,440	\$ -	\$ 55,952	\$ 160,960	\$ -	\$ 3,136,392	\$ 445,000	\$ 1,034,320	\$ 43,518	\$ -	\$ -	\$ 73,880	\$ 1,522,838	\$ 4,659,230	
2037	\$ 887,000	\$ 2,195,550	\$ -	\$ 57,071	\$ 156,825	\$ -	\$ 3,139,621	\$ 472,000	\$ 1,003,170	\$ 44,388	\$ -	\$ -	\$ 71,655	\$ 1,519,558	\$ 4,659,179	
2038	\$ 953,000	\$ 2,133,460	\$ -	\$ 58,212	\$ 152,390	\$ -	\$ 3,144,672	\$ 499,000	\$ 970,130	\$ 45,276	\$ -	\$ -	\$ 69,295	\$ 1,514,406	\$ 4,659,079	
2039	\$ 1,023,000	\$ 2,066,750	\$ -	\$ 59,377	\$ 147,625	\$ -	\$ 3,149,127	\$ 529,000	\$ 935,200	\$ 46,182	\$ -	\$ -	\$ 66,800	\$ 1,510,382	\$ 4,659,508	
2040	\$ 1,099,000	\$ 1,995,140	\$ -	\$ 60,564	\$ 142,510	\$ -	\$ 3,154,704	\$ 559,000	\$ 898,170	\$ 47,105	\$ -	\$ -	\$ 64,155	\$ 1,504,275	\$ 4,658,979	
2041	\$ 1,180,000	\$ 1,918,210	\$ -	\$ 61,775	\$ 137,015	\$ -	\$ 3,159,985	\$ 592,000	\$ 859,040	\$ 48,047	\$ -	\$ -	\$ 61,360	\$ 1,499,087	\$ 4,659,073	
2042	\$ 1,267,000	\$ 1,835,610	\$ -	\$ 63,011	\$ 131,115	\$ -	\$ 3,165,621	\$ 627,000	\$ 817,600	\$ 49,008	\$ -	\$ -	\$ 58,400	\$ 1,493,608	\$ 4,659,229	
2043	\$ 1,361,000	\$ 1,746,920	\$ -	\$ 64,271	\$ 124,780	\$ -	\$ 3,172,191	\$ 663,000	\$ 773,710	\$ 49,989	\$ -	\$ -	\$ 55,265	\$ 1,486,699	\$ 4,658,890	
2044	\$ 1,462,000	\$ 1,651,650	\$ -	\$ 65,557	\$ 117,975	\$ -	\$ 3,179,207	\$ 702,000	\$ 727,300	\$ 50,988	\$ -	\$ -	\$ 51,950	\$ 1,480,288	\$ 4,659,495	
2045	\$ 1,570,000	\$ 1,549,310	\$ -	\$ 66,868	\$ 110,665	\$ -	\$ 3,186,178	\$ 743,000	\$ 678,160	\$ 52,008	\$ -	\$ -	\$ 48,440	\$ 1,473,168	\$ 4,659,346	
2046	\$ 1,686,000	\$ 1,439,410	\$ -	\$ 68,205	\$ 102,815	\$ -	\$ 3,193,615	\$ 787,000	\$ 626,150	\$ 53,048	\$ -	\$ -	\$ 44,725	\$ 1,466,198	\$ 4,659,813	
2047	\$ 1,812,000	\$ 1,321,390	\$ -	\$ 69,569	\$ 94,385	\$ -	\$ 3,202,959	\$ 831,000	\$ 571,060	\$ 54,109	\$ -	\$ -	\$ 40,790	\$ 1,456,169	\$ 4,659,128	
2048	\$ 1,946,000	\$ 1,194,550	\$ -	\$ 70,960	\$ 85,325	\$ -	\$ 3,211,510	\$ 880,000	\$ 512,890	\$ 55,191	\$ -	\$ -	\$ 36,635	\$ 1,448,081	\$ 4,659,592	
2049	\$ 2,091,000	\$ 1,058,330	\$ -	\$ 72,380	\$ 75,595	\$ -	\$ 3,221,710	\$ 930,000	\$ 451,290	\$ 56,295	\$ -	\$ -	\$ 32,235	\$ 1,437,585	\$ 4,659,295	
2050	\$ 2,246,000	\$ 911,960	\$ -	\$ 73,827	\$ 65,140	\$ -	\$ 3,231,787	\$ 984,000	\$ 386,190	\$ 57,421	\$ -	\$ -	\$ 27,585	\$ 1,427,611	\$ 4,659,398	
2051	\$ 2,413,000	\$ 754,740	\$ -	\$ 75,304	\$ 53,910	\$ -	\$ 3,243,044	\$ 1,040,000	\$ 317,310	\$ 58,570	\$ -	\$ -	\$ 22,665	\$ 1,415,880	\$ 4,658,923	
2052	\$ 2,592,000	\$ 585,830	\$ -	\$ 76,810	\$ 41,845	\$ -	\$ 3,254,640	\$ 1,100,000	\$ 244,510	\$ 59,741	\$ -	\$ -	\$ 17,465	\$ 1,404,251	\$ 4,658,891	
2053	\$ 2,785,000	\$ 404,390	\$ -	\$ 78,346	\$ 28,885	\$ -	\$ 3,267,736	\$ 1,163,000	\$ 167,510	\$ 60,936	\$ -	\$ -	\$ 11,965	\$ 1,391,446	\$ 4,659,182	
2054	\$ 2,992,000	\$ 209,440	\$ -	\$ 79,913	\$ 14,960	\$ (3,201,440)	\$ 79,913	\$ 1,230,000	\$ 86,100	\$ 62,155	\$ (1,513,540)	\$ 6,150	\$ (135,285)	\$ (55,372)		
Total	\$ 37,500,000	\$ 54,256,288	\$ (4,717,708)	\$ 1,780,564	\$ 3,725,970	\$ (3,201,440)	\$ 85,617,704	\$ 17,822,000	\$ 22,516,060	\$ 1,384,883	\$ (1,513,540)	\$ 1,786,510	\$ 40,209,403	\$ 125,827,106		

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 1**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 1 PRINCIPAL ASSESSMENT: \$41.67 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 1

	Initial Major Improvement Bonds								Additional Major Improvements Reimbursement Obligation ^(a)							
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(a)	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due ^(d)		
2025	\$ -	\$ 1.58	(1.58)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.07	\$ -	\$ -		
2026	\$ -	\$ 1.98	(1.98)	\$ 0.03	\$ 0.14	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.07	\$ 0.03	\$ 0.06		
2027	\$ 0.330	\$ 1.98	-	\$ 0.04	\$ 0.14	\$ -	\$ 2.34	\$ 0.200	\$ 0.94	\$ 0.03	\$ -	\$ 0.07	\$ 1.17	\$ 3.51		
2028	\$ 0.353	\$ 1.95	-	\$ 0.04	\$ 0.14	\$ -	\$ 2.34	\$ 0.212	\$ 0.93	\$ 0.03	\$ -	\$ 0.07	\$ 1.17	\$ 3.51		
2029	\$ 0.380	\$ 1.93	-	\$ 0.04	\$ 0.14	\$ -	\$ 2.35	\$ 0.224	\$ 0.91	\$ 0.03	\$ -	\$ 0.07	\$ 1.16	\$ 3.51		
2030	\$ 0.407	\$ 1.90	-	\$ 0.04	\$ 0.14	\$ -	\$ 2.35	\$ 0.238	\$ 0.90	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2031	\$ 0.437	\$ 1.87	-	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.252	\$ 0.88	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2032	\$ 0.469	\$ 1.84	-	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.267	\$ 0.86	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2033	\$ 0.503	\$ 1.81	-	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.282	\$ 0.84	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2034	\$ 0.540	\$ 1.78	-	\$ 0.04	\$ 0.13	\$ -	\$ 2.36	\$ 0.300	\$ 0.82	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2035	\$ 0.580	\$ 1.74	-	\$ 0.04	\$ 0.12	\$ -	\$ 2.36	\$ 0.317	\$ 0.80	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2036	\$ 0.623	\$ 1.70	-	\$ 0.04	\$ 0.12	\$ -	\$ 2.36	\$ 0.335	\$ 0.78	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2037	\$ 0.668	\$ 1.65	-	\$ 0.04	\$ 0.12	\$ -	\$ 2.37	\$ 0.356	\$ 0.76	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2038	\$ 0.718	\$ 1.61	-	\$ 0.04	\$ 0.11	\$ -	\$ 2.37	\$ 0.376	\$ 0.73	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2039	\$ 0.771	\$ 1.56	-	\$ 0.04	\$ 0.11	\$ -	\$ 2.37	\$ 0.398	\$ 0.70	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2040	\$ 0.828	\$ 1.50	-	\$ 0.05	\$ 0.11	\$ -	\$ 2.38	\$ 0.421	\$ 0.68	\$ 0.04	\$ -	\$ 0.05	\$ 1.13	\$ 3.51		
2041	\$ 0.889	\$ 1.44	-	\$ 0.05	\$ 0.10	\$ -	\$ 2.38	\$ 0.446	\$ 0.65	\$ 0.04	\$ -	\$ 0.05	\$ 1.13	\$ 3.51		
2042	\$ 0.954	\$ 1.38	-	\$ 0.05	\$ 0.10	\$ -	\$ 2.38	\$ 0.472	\$ 0.62	\$ 0.04	\$ -	\$ 0.04	\$ 1.13	\$ 3.51		
2043	\$ 1.025	\$ 1.32	-	\$ 0.05	\$ 0.09	\$ -	\$ 2.39	\$ 0.499	\$ 0.58	\$ 0.04	\$ -	\$ 0.04	\$ 1.12	\$ 3.51		
2044	\$ 1.101	\$ 1.24	-	\$ 0.05	\$ 0.09	\$ -	\$ 2.39	\$ 0.529	\$ 0.55	\$ 0.04	\$ -	\$ 0.04	\$ 1.12	\$ 3.51		
2045	\$ 1.183	\$ 1.17	-	\$ 0.05	\$ 0.08	\$ -	\$ 2.40	\$ 0.560	\$ 0.51	\$ 0.04	\$ -	\$ 0.04	\$ 1.11	\$ 3.51		
2046	\$ 1.270	\$ 1.08	-	\$ 0.05	\$ 0.08	\$ -	\$ 2.41	\$ 0.593	\$ 0.47	\$ 0.04	\$ -	\$ 0.03	\$ 1.10	\$ 3.51		
2047	\$ 1.365	\$ 1.00	-	\$ 0.05	\$ 0.07	\$ -	\$ 2.41	\$ 0.626	\$ 0.43	\$ 0.04	\$ -	\$ 0.03	\$ 1.10	\$ 3.51		
2048	\$ 1.466	\$ 0.90	-	\$ 0.05	\$ 0.06	\$ -	\$ 2.42	\$ 0.663	\$ 0.39	\$ 0.04	\$ -	\$ 0.03	\$ 1.09	\$ 3.51		
2049	\$ 1.575	\$ 0.80	-	\$ 0.05	\$ 0.06	\$ -	\$ 2.43	\$ 0.701	\$ 0.34	\$ 0.04	\$ -	\$ 0.02	\$ 1.08	\$ 3.51		
2050	\$ 1.692	\$ 0.69	-	\$ 0.06	\$ 0.05	\$ -	\$ 2.43	\$ 0.741	\$ 0.29	\$ 0.04	\$ -	\$ 0.02	\$ 1.08	\$ 3.51		
2051	\$ 1.818	\$ 0.57	-	\$ 0.06	\$ 0.04	\$ -	\$ 2.44	\$ 0.783	\$ 0.24	\$ 0.04	\$ -	\$ 0.02	\$ 1.07	\$ 3.51		
2052	\$ 1.953	\$ 0.44	-	\$ 0.06	\$ 0.03	\$ -	\$ 2.45	\$ 0.829	\$ 0.18	\$ 0.05	\$ -	\$ 0.01	\$ 1.06	\$ 3.51		
2053	\$ 2.098	\$ 0.30	-	\$ 0.06	\$ 0.02	\$ -	\$ 2.46	\$ 0.876	\$ 0.13	\$ 0.05	\$ -	\$ 0.01	\$ 1.05	\$ 3.51		
2054	\$ 2.254	\$ 0.16	-	\$ 0.06	\$ 0.01	\$ (2.41)	\$ 0.06	\$ 0.927	\$ 0.06	\$ 0.05	\$ (1.14)	\$ 0.00	\$ (0.10)	\$ (0.04)		
Total	\$ 28.25	\$ 40.87	\$ (3.55)	\$ 1.34	\$ 2.81	\$ (2.41)	\$ 64.50	\$ 13.43	\$ 16.96	\$ 1.04	\$ (1.14)	\$ 1.35	\$ 30.29	\$ 94.79		

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

Annual Installment Schedule to Notice
of Obligation to Pay Improvement District Assessment

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 2**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 2 PRINCIPAL ASSESSMENT: \$34.65 per Square Foot “inclusive of common area allocation”

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 2

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^[e]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[e]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[d]	
2025	\$ -	\$ 1.31	\$ (1.31)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.06	\$ -	\$ -	
2026	\$ -	\$ 1.64	\$ (1.64)	\$ 0.03	\$ 0.12	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.06	\$ 0.02	\$ 0.05	
2027	\$ 0.27	\$ 1.64	\$ -	\$ 0.03	\$ 0.12	\$ -	\$ 1.95	\$ 0.17	\$ 0.78	\$ 0.02	\$ -	\$ 0.06	\$ 0.97	\$ 2.92	
2028	\$ 0.29	\$ 1.63	\$ -	\$ 0.03	\$ 0.12	\$ -	\$ 1.95	\$ 0.18	\$ 0.77	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2029	\$ 0.32	\$ 1.60	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.19	\$ 0.76	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2030	\$ 0.34	\$ 1.58	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.20	\$ 0.74	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2031	\$ 0.36	\$ 1.56	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.21	\$ 0.73	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2032	\$ 0.39	\$ 1.53	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.22	\$ 0.72	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2033	\$ 0.42	\$ 1.51	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.23	\$ 0.70	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2034	\$ 0.45	\$ 1.48	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.25	\$ 0.68	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2035	\$ 0.48	\$ 1.45	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.96	\$ 0.26	\$ 0.67	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2036	\$ 0.52	\$ 1.41	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.96	\$ 0.28	\$ 0.65	\$ 0.03	\$ -	\$ 0.05	\$ 0.95	\$ 2.92	
2037	\$ 0.56	\$ 1.38	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.97	\$ 0.30	\$ 0.63	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2038	\$ 0.60	\$ 1.34	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.97	\$ 0.31	\$ 0.61	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2039	\$ 0.64	\$ 1.29	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.97	\$ 0.33	\$ 0.59	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2040	\$ 0.69	\$ 1.25	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.98	\$ 0.35	\$ 0.56	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2041	\$ 0.74	\$ 1.20	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.98	\$ 0.37	\$ 0.54	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2042	\$ 0.79	\$ 1.15	\$ -	\$ 0.04	\$ 0.08	\$ -	\$ 1.98	\$ 0.39	\$ 0.51	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2043	\$ 0.85	\$ 1.09	\$ -	\$ 0.04	\$ 0.08	\$ -	\$ 1.99	\$ 0.42	\$ 0.48	\$ 0.03	\$ -	\$ 0.03	\$ 0.93	\$ 2.92	
2044	\$ 0.92	\$ 1.03	\$ -	\$ 0.04	\$ 0.07	\$ -	\$ 1.99	\$ 0.44	\$ 0.46	\$ 0.03	\$ -	\$ 0.03	\$ 0.93	\$ 2.92	
2045	\$ 0.98	\$ 0.97	\$ -	\$ 0.04	\$ 0.07	\$ -	\$ 2.00	\$ 0.47	\$ 0.42	\$ 0.03	\$ -	\$ 0.03	\$ 0.92	\$ 2.92	
2046	\$ 1.06	\$ 0.90	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 2.00	\$ 0.49	\$ 0.39	\$ 0.03	\$ -	\$ 0.03	\$ 0.92	\$ 2.92	
2047	\$ 1.14	\$ 0.83	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 2.01	\$ 0.52	\$ 0.36	\$ 0.03	\$ -	\$ 0.03	\$ 0.91	\$ 2.92	
2048	\$ 1.22	\$ 0.75	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 2.01	\$ 0.55	\$ 0.32	\$ 0.03	\$ -	\$ 0.02	\$ 0.91	\$ 2.92	
2049	\$ 1.31	\$ 0.66	\$ -	\$ 0.05	\$ 0.05	\$ -	\$ 2.02	\$ 0.58	\$ 0.28	\$ 0.04	\$ -	\$ 0.02	\$ 0.90	\$ 2.92	
2050	\$ 1.41	\$ 0.57	\$ -	\$ 0.05	\$ 0.04	\$ -	\$ 2.02	\$ 0.62	\$ 0.24	\$ 0.04	\$ -	\$ 0.02	\$ 0.89	\$ 2.92	
2051	\$ 1.51	\$ 0.47	\$ -	\$ 0.05	\$ 0.03	\$ -	\$ 2.03	\$ 0.65	\$ 0.20	\$ 0.04	\$ -	\$ 0.01	\$ 0.89	\$ 2.92	
2052	\$ 1.62	\$ 0.37	\$ -	\$ 0.05	\$ 0.03	\$ -	\$ 2.04	\$ 0.69	\$ 0.15	\$ 0.04	\$ -	\$ 0.01	\$ 0.88	\$ 2.92	
2053	\$ 1.74	\$ 0.25	\$ -	\$ 0.05	\$ 0.02	\$ -	\$ 2.05	\$ 0.73	\$ 0.10	\$ 0.04	\$ -	\$ 0.01	\$ 0.87	\$ 2.92	
2054	\$ 1.87	\$ 0.13	\$ -	\$ 0.05	\$ 0.01	\$ (2.01)	\$ 0.05	\$ 0.77	\$ 0.05	\$ 0.04	\$ (0.95)	\$ 0.00	\$ (0.08)	\$ (0.03)	
Total	\$ 23.49	\$ 33.99	\$ (2.96)	\$ 1.12	\$ 2.33	\$ (2.01)	\$ 53.63	\$ 11.16	\$ 14.10	\$ 0.87	\$ (0.95)	\$ 1.12	\$ 25.19	\$ 78.82	

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 3**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 3 PRINCIPAL ASSESSMENT: \$15,682.59 per Key

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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

§
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COUNTY OF _____

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 Harris County.

ANNUAL INSTALLMENTS PER DOOR - LOT TYPE 3

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^(a)							
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due ^(d)	
2025	\$ -	\$ 593.24	\$ (593.24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25.26	\$ -	\$ -	
2026	\$ -	\$ 744.13	\$ (744.13)	\$ 13.01	\$ 53.15	\$ -	\$ 13.01	\$ -	\$ -	\$ 10.12	\$ -	\$ 25.26	\$ 10.12	\$ 23.13	
2027	\$ 124.16	\$ 744.13	\$ -	\$ 13.27	\$ 53.15	\$ -	\$ 881.57	\$ 75.41	\$ 353.65	\$ 10.32	\$ -	\$ 25.26	\$ 439.38	\$ 1,320.94	
2028	\$ 132.95	\$ 735.44	\$ -	\$ 13.54	\$ 52.53	\$ -	\$ 881.93	\$ 79.94	\$ 348.37	\$ 10.53	\$ -	\$ 24.88	\$ 438.84	\$ 1,320.77	
2029	\$ 142.87	\$ 726.13	\$ -	\$ 13.81	\$ 51.87	\$ -	\$ 882.81	\$ 84.48	\$ 342.78	\$ 10.74	\$ -	\$ 24.48	\$ 437.99	\$ 1,320.81	
2030	\$ 153.08	\$ 716.13	\$ -	\$ 14.08	\$ 51.15	\$ -	\$ 883.29	\$ 89.58	\$ 336.86	\$ 10.95	\$ -	\$ 24.06	\$ 437.40	\$ 1,320.69	
2031	\$ 164.42	\$ 705.42	\$ -	\$ 14.37	\$ 50.39	\$ -	\$ 884.20	\$ 94.97	\$ 330.59	\$ 11.17	\$ -	\$ 23.61	\$ 436.73	\$ 1,320.93	
2032	\$ 176.32	\$ 693.91	\$ -	\$ 14.65	\$ 49.56	\$ -	\$ 884.88	\$ 100.63	\$ 323.94	\$ 11.40	\$ -	\$ 23.14	\$ 435.98	\$ 1,320.86	
2033	\$ 189.36	\$ 681.56	\$ -	\$ 14.95	\$ 48.68	\$ -	\$ 885.87	\$ 106.30	\$ 316.90	\$ 11.62	\$ -	\$ 22.64	\$ 434.83	\$ 1,320.70	
2034	\$ 203.25	\$ 668.31	\$ -	\$ 15.25	\$ 47.74	\$ -	\$ 886.81	\$ 112.82	\$ 309.46	\$ 11.86	\$ -	\$ 22.10	\$ 434.14	\$ 1,320.95	
2035	\$ 218.28	\$ 654.08	\$ -	\$ 15.55	\$ 46.72	\$ -	\$ 887.91	\$ 119.34	\$ 301.56	\$ 12.09	\$ -	\$ 21.54	\$ 433.00	\$ 1,320.91	
2036	\$ 234.44	\$ 638.80	\$ -	\$ 15.86	\$ 45.63	\$ -	\$ 889.10	\$ 126.15	\$ 293.21	\$ 12.34	\$ -	\$ 20.94	\$ 431.69	\$ 1,320.79	
2037	\$ 251.45	\$ 622.39	\$ -	\$ 16.18	\$ 44.46	\$ -	\$ 890.01	\$ 133.80	\$ 284.38	\$ 12.58	\$ -	\$ 20.31	\$ 430.76	\$ 1,320.78	
2038	\$ 270.15	\$ 604.79	\$ -	\$ 16.50	\$ 43.20	\$ -	\$ 891.45	\$ 141.46	\$ 275.01	\$ 12.83	\$ -	\$ 19.64	\$ 429.30	\$ 1,320.75	
2039	\$ 290.00	\$ 585.88	\$ -	\$ 16.83	\$ 41.85	\$ -	\$ 892.71	\$ 149.96	\$ 265.11	\$ 13.09	\$ -	\$ 18.94	\$ 428.16	\$ 1,320.87	
2040	\$ 311.54	\$ 565.58	\$ -	\$ 17.17	\$ 40.40	\$ -	\$ 894.29	\$ 158.46	\$ 254.61	\$ 13.35	\$ -	\$ 18.19	\$ 426.43	\$ 1,320.72	
2041	\$ 334.50	\$ 543.77	\$ -	\$ 17.51	\$ 38.84	\$ -	\$ 895.79	\$ 167.82	\$ 243.52	\$ 13.62	\$ -	\$ 17.39	\$ 424.96	\$ 1,320.75	
2042	\$ 359.17	\$ 520.36	\$ -	\$ 17.86	\$ 37.17	\$ -	\$ 897.38	\$ 177.74	\$ 231.77	\$ 13.89	\$ -	\$ 16.56	\$ 423.41	\$ 1,320.79	
2043	\$ 385.81	\$ 495.21	\$ -	\$ 18.22	\$ 35.37	\$ -	\$ 899.25	\$ 187.95	\$ 219.33	\$ 14.17	\$ -	\$ 15.67	\$ 421.45	\$ 1,320.69	
2044	\$ 414.45	\$ 468.21	\$ -	\$ 18.58	\$ 33.44	\$ -	\$ 901.24	\$ 199.00	\$ 206.17	\$ 14.45	\$ -	\$ 14.73	\$ 419.63	\$ 1,320.87	
2045	\$ 445.06	\$ 439.20	\$ -	\$ 18.96	\$ 31.37	\$ -	\$ 903.21	\$ 210.62	\$ 192.24	\$ 14.74	\$ -	\$ 13.73	\$ 417.61	\$ 1,320.82	
2046	\$ 477.94	\$ 408.04	\$ -	\$ 19.33	\$ 29.15	\$ -	\$ 905.32	\$ 223.10	\$ 177.50	\$ 15.04	\$ -	\$ 12.68	\$ 415.64	\$ 1,320.96	
2047	\$ 513.66	\$ 374.59	\$ -	\$ 19.72	\$ 26.76	\$ -	\$ 907.97	\$ 235.57	\$ 161.88	\$ 15.34	\$ -	\$ 11.56	\$ 412.79	\$ 1,320.76	
2048	\$ 551.65	\$ 338.63	\$ -	\$ 20.12	\$ 24.19	\$ -	\$ 910.39	\$ 249.46	\$ 145.39	\$ 15.65	\$ -	\$ 10.39	\$ 410.50	\$ 1,320.89	
2049	\$ 592.75	\$ 300.01	\$ -	\$ 20.52	\$ 21.43	\$ -	\$ 913.28	\$ 263.63	\$ 127.93	\$ 15.96	\$ -	\$ 9.14	\$ 407.52	\$ 1,320.81	
2050	\$ 636.69	\$ 258.52	\$ -	\$ 20.93	\$ 18.47	\$ -	\$ 916.14	\$ 278.94	\$ 109.48	\$ 16.28	\$ -	\$ 7.82	\$ 404.70	\$ 1,320.84	
2051	\$ 684.03	\$ 213.95	\$ -	\$ 21.35	\$ 15.28	\$ -	\$ 919.33	\$ 294.82	\$ 89.95	\$ 16.60	\$ -	\$ 6.43	\$ 401.37	\$ 1,320.70	
2052	\$ 734.78	\$ 166.07	\$ -	\$ 21.77	\$ 11.86	\$ -	\$ 922.62	\$ 311.83	\$ 69.31	\$ 16.94	\$ -	\$ 4.95	\$ 398.07	\$ 1,320.69	
2053	\$ 789.49	\$ 114.64	\$ -	\$ 22.21	\$ 8.19	\$ -	\$ 926.33	\$ 329.69	\$ 47.49	\$ 17.27	\$ -	\$ 3.39	\$ 394.44	\$ 1,320.78	
2054	\$ 848.17	\$ 59.37	\$ -	\$ 22.65	\$ 4.24	\$ (907.54)	\$ 22.65	\$ 348.68	\$ 24.41	\$ 17.62	\$ (429.06)	\$ 1.74	\$ (38.35)	\$ (15.70)	
Total	\$ 10,630.44	\$ 15,380.48	\$ (1,337.37)	\$ 504.75	\$ 1,056.23	\$ (907.54)	\$ 24,270.76	\$ 5,052.15	\$ 6,382.81	\$ 392.58	\$ (429.06)	\$ 506.44	\$ 11,398.49	\$ 35,669.25	

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 4**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 4 PRINCIPAL ASSESSMENT: \$29.22 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 4

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^(e)							
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(g)	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due ^(e)	
2025	\$ -	\$ 1.11	\$ (1.11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.05	\$ -	\$ -	
2026	\$ -	\$ 1.39	\$ (1.39)	\$ 0.02	\$ 0.10	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.05	\$ 0.02	\$ 0.04	
2027	\$ 0.23	\$ 1.39	\$ -	\$ 0.02	\$ 0.10	\$ -	\$ 1.64	\$ 0.14	\$ 0.66	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46	
2028	\$ 0.25	\$ 1.37	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.64	\$ 0.15	\$ 0.65	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46	
2029	\$ 0.27	\$ 1.35	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.64	\$ 0.16	\$ 0.64	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46	
2030	\$ 0.29	\$ 1.33	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.65	\$ 0.17	\$ 0.63	\$ 0.02	\$ -	\$ 0.04	\$ 0.82	\$ 2.46	
2031	\$ 0.31	\$ 1.31	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.18	\$ 0.62	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46	
2032	\$ 0.33	\$ 1.29	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.19	\$ 0.60	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46	
2033	\$ 0.35	\$ 1.27	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.20	\$ 0.59	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46	
2034	\$ 0.38	\$ 1.25	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.21	\$ 0.58	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46	
2035	\$ 0.41	\$ 1.22	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.22	\$ 0.56	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46	
2036	\$ 0.44	\$ 1.19	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.66	\$ 0.24	\$ 0.55	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46	
2037	\$ 0.47	\$ 1.16	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.25	\$ 0.53	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46	
2038	\$ 0.50	\$ 1.13	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.26	\$ 0.51	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46	
2039	\$ 0.54	\$ 1.09	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.28	\$ 0.49	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46	
2040	\$ 0.58	\$ 1.05	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.67	\$ 0.30	\$ 0.47	\$ 0.02	\$ -	\$ 0.03	\$ 0.79	\$ 2.46	
2041	\$ 0.62	\$ 1.01	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.67	\$ 0.31	\$ 0.45	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46	
2042	\$ 0.67	\$ 0.97	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.67	\$ 0.33	\$ 0.43	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46	
2043	\$ 0.72	\$ 0.92	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.68	\$ 0.35	\$ 0.41	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46	
2044	\$ 0.77	\$ 0.87	\$ -	\$ 0.03	\$ 0.06	\$ -	\$ 1.68	\$ 0.37	\$ 0.38	\$ 0.03	\$ -	\$ 0.03	\$ 0.78	\$ 2.46	
2045	\$ 0.83	\$ 0.82	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 1.68	\$ 0.39	\$ 0.36	\$ 0.03	\$ -	\$ 0.03	\$ 0.78	\$ 2.46	
2046	\$ 0.89	\$ 0.76	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.69	\$ 0.42	\$ 0.33	\$ 0.03	\$ -	\$ 0.02	\$ 0.77	\$ 2.46	
2047	\$ 0.96	\$ 0.70	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.69	\$ 0.44	\$ 0.30	\$ 0.03	\$ -	\$ 0.02	\$ 0.77	\$ 2.46	
2048	\$ 1.03	\$ 0.63	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.70	\$ 0.46	\$ 0.27	\$ 0.03	\$ -	\$ 0.02	\$ 0.76	\$ 2.46	
2049	\$ 1.10	\$ 0.56	\$ -	\$ 0.04	\$ 0.04	\$ -	\$ 1.70	\$ 0.49	\$ 0.24	\$ 0.03	\$ -	\$ 0.02	\$ 0.76	\$ 2.46	
2050	\$ 1.19	\$ 0.48	\$ -	\$ 0.04	\$ 0.03	\$ -	\$ 1.71	\$ 0.52	\$ 0.20	\$ 0.03	\$ -	\$ 0.01	\$ 0.75	\$ 2.46	
2051	\$ 1.27	\$ 0.40	\$ -	\$ 0.04	\$ 0.03	\$ -	\$ 1.71	\$ 0.55	\$ 0.17	\$ 0.03	\$ -	\$ 0.01	\$ 0.75	\$ 2.46	
2052	\$ 1.37	\$ 0.31	\$ -	\$ 0.04	\$ 0.02	\$ -	\$ 1.72	\$ 0.58	\$ 0.13	\$ 0.03	\$ -	\$ 0.01	\$ 0.74	\$ 2.46	
2053	\$ 1.47	\$ 0.21	\$ -	\$ 0.04	\$ 0.02	\$ -	\$ 1.73	\$ 0.61	\$ 0.09	\$ 0.03	\$ -	\$ 0.01	\$ 0.73	\$ 2.46	
2054	\$ 1.58	\$ 0.11	\$ -	\$ 0.04	\$ 0.01	\$ (1.69)	\$ 0.04	\$ 0.65	\$ 0.05	\$ 0.03	\$ (0.80)	\$ 0.00	\$ (0.07)	\$ (0.03)	
Total	\$ 19.81	\$ 28.66	\$ (2.49)	\$ 0.94	\$ 1.97	\$ (1.69)	\$ 45.23	\$ 9.41	\$ 11.89	\$ 0.73	\$ (0.80)	\$ 0.94	\$ 21.24	\$ 66.46	

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 5**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 5 PRINCIPAL ASSESSMENT: \$47.13 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 5

Installment Due 1/31	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^[e]							Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[d]
	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[g]				
2025	\$ -	\$ 1.78	\$ (1.78)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.08	\$ -	\$ -	\$ -	\$ -
2026	\$ -	\$ 2.24	\$ (2.24)	\$ 0.04	\$ 0.16	\$ -	\$ 0.04	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.08	\$ 0.03	\$ -	\$ 0.07	\$ 0.07
2027	\$ 0.37	\$ 2.24	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.23	\$ 1.06	\$ 0.03	\$ -	\$ 0.08	\$ 1.32	\$ -	\$ 3.97	\$ 3.97
2028	\$ 0.40	\$ 2.21	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.24	\$ 1.05	\$ 0.03	\$ -	\$ 0.07	\$ 1.32	\$ -	\$ 3.97	\$ 3.97
2029	\$ 0.43	\$ 2.18	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.25	\$ 1.03	\$ 0.03	\$ -	\$ 0.07	\$ 1.32	\$ -	\$ 3.97	\$ 3.97
2030	\$ 0.46	\$ 2.15	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.65	\$ 0.27	\$ 1.01	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ -	\$ 3.97	\$ 3.97
2031	\$ 0.49	\$ 2.12	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.29	\$ 0.99	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ -	\$ 3.97	\$ 3.97
2032	\$ 0.53	\$ 2.09	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.30	\$ 0.97	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ -	\$ 3.97	\$ 3.97
2033	\$ 0.57	\$ 2.05	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.32	\$ 0.95	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ -	\$ 3.97	\$ 3.97
2034	\$ 0.61	\$ 2.01	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.34	\$ 0.93	\$ 0.04	\$ -	\$ 0.07	\$ 1.30	\$ -	\$ 3.97	\$ 3.97
2035	\$ 0.66	\$ 1.97	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.36	\$ 0.91	\$ 0.04	\$ -	\$ 0.06	\$ 1.30	\$ -	\$ 3.97	\$ 3.97
2036	\$ 0.70	\$ 1.92	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.38	\$ 0.88	\$ 0.04	\$ -	\$ 0.06	\$ 1.30	\$ -	\$ 3.97	\$ 3.97
2037	\$ 0.76	\$ 1.87	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.67	\$ 0.40	\$ 0.85	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ -	\$ 3.97	\$ 3.97
2038	\$ 0.81	\$ 1.82	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.68	\$ 0.43	\$ 0.83	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ -	\$ 3.97	\$ 3.97
2039	\$ 0.87	\$ 1.76	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.68	\$ 0.45	\$ 0.80	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ -	\$ 3.97	\$ 3.97
2040	\$ 0.94	\$ 1.70	\$ -	\$ 0.05	\$ 0.12	\$ -	\$ 2.69	\$ 0.48	\$ 0.77	\$ 0.04	\$ -	\$ 0.05	\$ 1.28	\$ -	\$ 3.97	\$ 3.97
2041	\$ 1.01	\$ 1.63	\$ -	\$ 0.05	\$ 0.12	\$ -	\$ 2.69	\$ 0.50	\$ 0.73	\$ 0.04	\$ -	\$ 0.05	\$ 1.28	\$ -	\$ 3.97	\$ 3.97
2042	\$ 1.08	\$ 1.56	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.70	\$ 0.53	\$ 0.70	\$ 0.04	\$ -	\$ 0.05	\$ 1.27	\$ -	\$ 3.97	\$ 3.97
2043	\$ 1.16	\$ 1.49	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.70	\$ 0.56	\$ 0.66	\$ 0.04	\$ -	\$ 0.05	\$ 1.27	\$ -	\$ 3.97	\$ 3.97
2044	\$ 1.25	\$ 1.41	\$ -	\$ 0.06	\$ 0.10	\$ -	\$ 2.71	\$ 0.60	\$ 0.62	\$ 0.04	\$ -	\$ 0.04	\$ 1.26	\$ -	\$ 3.97	\$ 3.97
2045	\$ 1.34	\$ 1.32	\$ -	\$ 0.06	\$ 0.09	\$ -	\$ 2.71	\$ 0.63	\$ 0.58	\$ 0.04	\$ -	\$ 0.04	\$ 1.26	\$ -	\$ 3.97	\$ 3.97
2046	\$ 1.44	\$ 1.23	\$ -	\$ 0.06	\$ 0.09	\$ -	\$ 2.72	\$ 0.67	\$ 0.53	\$ 0.05	\$ -	\$ 0.04	\$ 1.25	\$ -	\$ 3.97	\$ 3.97
2047	\$ 1.54	\$ 1.13	\$ -	\$ 0.06	\$ 0.08	\$ -	\$ 2.73	\$ 0.71	\$ 0.49	\$ 0.05	\$ -	\$ 0.03	\$ 1.24	\$ -	\$ 3.97	\$ 3.97
2048	\$ 1.66	\$ 1.02	\$ -	\$ 0.06	\$ 0.07	\$ -	\$ 2.74	\$ 0.75	\$ 0.44	\$ 0.05	\$ -	\$ 0.03	\$ 1.23	\$ -	\$ 3.97	\$ 3.97
2049	\$ 1.78	\$ 0.90	\$ -	\$ 0.06	\$ 0.06	\$ -	\$ 2.74	\$ 0.79	\$ 0.38	\$ 0.05	\$ -	\$ 0.03	\$ 1.22	\$ -	\$ 3.97	\$ 3.97
2050	\$ 1.91	\$ 0.78	\$ -	\$ 0.06	\$ 0.06	\$ -	\$ 2.75	\$ 0.84	\$ 0.33	\$ 0.05	\$ -	\$ 0.02	\$ 1.22	\$ -	\$ 3.97	\$ 3.97
2051	\$ 2.06	\$ 0.64	\$ -	\$ 0.06	\$ 0.05	\$ -	\$ 2.76	\$ 0.89	\$ 0.27	\$ 0.05	\$ -	\$ 0.02	\$ 1.21	\$ -	\$ 3.97	\$ 3.97
2052	\$ 2.21	\$ 0.50	\$ -	\$ 0.07	\$ 0.04	\$ -	\$ 2.77	\$ 0.94	\$ 0.21	\$ 0.05	\$ -	\$ 0.01	\$ 1.20	\$ -	\$ 3.97	\$ 3.97
2053	\$ 2.37	\$ 0.34	\$ -	\$ 0.07	\$ 0.02	\$ -	\$ 2.78	\$ 0.99	\$ 0.14	\$ 0.05	\$ -	\$ 0.01	\$ 1.19	\$ -	\$ 3.97	\$ 3.97
2054	\$ 2.55	\$ 0.18	\$ -	\$ 0.07	\$ 0.01	\$ (2.73)	\$ 0.07	\$ 1.05	\$ 0.07	\$ 0.05	\$ (1.29)	\$ 0.01	\$ (0.12)	\$ (0.05)	\$ (0.05)	\$ (0.05)
Total	\$ 31.95	\$ 46.22	\$ (4.02)	\$ 1.52	\$ 3.17	\$ (2.73)	\$ 72.94	\$ 15.18	\$ 19.18	\$ 1.18	\$ (1.29)	\$ 1.52	\$ 34.26	\$	\$ 107.20	\$ 107.20

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/09/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider an ordinance approving the Service and Assessment Plan and the Assessment Roll for the Additional Major Improvements of the Friendswood City Center Public Improvement District (the "PID"); levying the Additional Major Improvement Assessments and establishing a lien against certain property within the PID; and containing other provisions related thereto.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This proposed ordinance, in accordance with the Public Improvement District (the "PID") Assessment Act:

1. approves the Service and Assessment Plan;
2. approves the Assessment Roll for the Additional Major Improvements of the PID;
3. levies the Additional Major Improvement Assessments on each assessed property located within the PID in the amounts shown on the Additional Major Improvement Assessment Roll;
4. establishes the method of assessment;
5. provides for penalties and interest on delinquent assessments;
6. allows for prepayments of assessments;
7. establishes a lien against certain property within the PID related to the Additional Major Improvements; and
8. assigns the City, itself or its third-party administrator, with the responsibility to administer the Service and Assessment Plan and the Additional Major Improvement Assessments; and
9. provides that the City, itself or through a third-party collector, may collect the Additional Major Improvement Assessments.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Ordinance - Additional Major Improvements
2. Exhibit A - SAP

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

WHEREAS, the City of Friendswood, Texas (the "City") received a petition meeting the requirements of Section 372.005 of the Public Improvement District Assessment Act (the "Act") requesting the creation of a public improvement district over a portion of the area within the corporate limits of the City to be known as the Friendswood City Center Public Improvement District (the "District"); and

WHEREAS, after publication and mailing of notice of a public hearing on the creation of the District and after the conduct of a public hearing, the City Council approved the creation of the District on January 8, 2024; and

WHEREAS, pursuant to Sections 372.013, 372.014, and 372.016 of the Act, the City Council has directed the preparation of a Preliminary Service and Assessment Plan for the District (the "Service and Assessment Plan") and an assessment roll for the Additional Major Improvements of the District (the "Additional Major Improvement Assessment Roll") that states the assessment against each assessable property (the "Assessed Property") within the District for the Additional Major Improvements (the "Additional Major Improvement Assessments"); and

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

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

WHEREAS, the City Council, pursuant to Section 372.016(c) of the Act caused the mailing of notice of the public hearing to consider the proposed Service and Assessment Plan and the Additional Major Improvement Assessment Roll attached to the Service and Assessment

Plan and the levy of Additional Major Improvement Assessments on property in the District to the last known address of the owners of the property liable for the Additional Major Improvement Assessments; and

WHEREAS, the City Council convened the public hearing at 5:30 p.m. on the 4th day of November, 2024, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Additional Major Improvement Assessment Roll, and the proposed Additional Major Improvement Assessments, and to offer testimony pertinent to any issue presented on the amount of the Additional Major Improvement Assessments, the allocation of the costs of the Additional Major Improvements Projects, the purposes of the Additional Major Improvement Assessments, the special benefits of the Additional Major Improvement Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Additional Major Improvement Assessments; and

WHEREAS, the City wishes to levy Additional Major Improvement Assessments on the property within the District for the Additional Major Improvements as set forth in the Service and Assessment Plan; and

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

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

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

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

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

Section 3. Findings. The City Council hereby finds, determines and orders, as follows:

- a. The apportionment of the costs of the Additional Major Improvements and the Annual Collection Costs pursuant to the Service and Assessment Plan is fair and reasonable, reflects an accurate presentation of the special benefit each Assessed Property will receive from the Additional Major Improvements identified in the Service and Assessment Plan, and is hereby approved.
- b. The Service and Assessment Plan covers a period of at least five (5) years and defines the annual indebtedness and projected costs for the Additional Major Improvements.
- c. The Service and Assessment Plan apportions the costs of the Additional Major Improvements to be assessed against each Assessed Property in the District, and such apportionment is made on the basis of special benefits accruing to each Assessed Property because of the Additional Major Improvements.
- d. All of the real property in the District which is being assessed in the amounts shown in the Service and Assessment Plan and Additional Major Improvement Assessment Roll will be benefited by the Additional Major Improvements proposed to be provided through the District in the Service and Assessment Plan, and each parcel of real property in the District will receive special benefits during the term of the Additional Major Improvement Assessments equal to or greater than the total amount assessed.
- e. The method of apportionment of the costs of the Additional Major Improvements and Annual Collection Costs set forth in the Service and Assessment Plan results in imposing equal shares of the costs of the Additional Major Improvements and Annual Collection Costs on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the costs.
- f. The Service and Assessment Plan should be approved as the service plan and assessment plan for the District, as described in Sections 372.013 and 372.014 of the Act.
- g. The Additional Major Improvement Assessment Roll in the form attached to the Service and Assessment Plan should be approved as an assessment roll of the District.
- h. The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Additional Major Improvement Assessments, interest on Annual Installments, interest and penalties on delinquent Additional Major Improvement Assessments and delinquent Additional Major Improvement Annual Installments, and procedures in connection with the imposition and collection of Additional Major Improvement Assessments should be approved and will expedite collection of the Additional Major Improvement Assessments in a timely manner in order to provide the improvements needed and required for the District.

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

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

Section 6. Levy and Payment of Additional Major Improvement Assessments for Costs of Additional Major Improvements.

- a. The City Council hereby levies the Additional Major Improvement Assessments on each Assessed Property located within the District, as shown and described in the Service and Assessment Plan and the Additional Major Improvement Assessment Roll, in the respective amounts shown on the Additional Major Improvement Assessment Roll, as special assessments on the properties within the District as set forth in the Service and Assessment Plan and the Additional Major Improvement Assessment Roll.
- b. The levy of the Additional Major Improvement Assessments shall be effective on the date of execution of this ordinance levying Assessments and strictly in accordance with the terms of the Service and Assessment Plan.
- c. The collection of the Additional Major Improvement Assessments shall be as described in the Service and Assessment Plan.
- d. Each Additional Major Improvement Assessment may be pre-paid or paid in Additional Major Improvement Annual Installments pursuant to the terms of the Service and Assessment Plan.
- e. Each Additional Major Improvement Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.
- f. Each Additional Major Improvement Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.
- g. The Annual Collection Costs for Additional Major Improvements Assessed Properties shall be calculated pursuant to the terms of the Service and Assessment Plan.

Section 7. Method of Assessment. The method of apportioning the costs of the Additional Major Improvements is as set forth in the Service and Assessment Plan.

Section 8. Penalties and Interest on Delinquent Assessments. Delinquent Additional Major Improvement Assessments shall be subject to the penalties, interest, procedures and foreclosure sales set forth in the Service and Assessment Plan. The Additional Major Improvement Assessments shall have lien priority as specified in the Act and the Service and Assessment Plan.

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

Section 10. Lien Priority. As provided in the Act, the City Council and owners of the Assessed Property intend for the obligations, covenants and burdens on the owners of Assessed Property, including, without limitation, such owner's obligations related to payment of the Additional Major Improvement Assessments and the Additional Major Improvement Annual Installments, to constitute a covenant running with the land. The Additional Major Improvement Assessments and the Additional Major Improvement Annual Installments levied hereby shall be binding upon the Additional Major Improvements Assessed Property, and the owners of Additional Major Improvements 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. Additional Major Improvement Assessments shall have lien priority as specified in the Act.

Section 11. Administrator and Collector of Assessments.

- a. Administrator. The City shall administer the Service and Assessment Plan and the Additional Major Improvement Assessments levied by this ordinance. The City has appointed a third-party administrator (the "Administrator") to administer the Service and Assessment Plan and the Additional Major Improvement Assessments. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this ordinance. The Administrator's fees, charges and expenses for providing such services shall constitute an Annual Collection Cost.
- b. Collector. The City shall collect the assessments of the Additional Major Improvement Assessments. The City has entered into an agreement with Galveston County for the collection of the Additional Major Improvement Assessments. The City may also contract with any other qualified collection agent selected by the City or may collect the Additional Major Improvement Assessments on its own behalf. The costs of such collection contracts shall constitute an Annual Collection Cost.

Section 12. Applicability of Tax Code. To the extent not inconsistent with this ordinance and the Act or other laws governing public improvement districts, the provisions of

the Texas Tax Code shall be applicable to the imposition and collection of Additional Major Improvement Assessments by the City.

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

Section 14. Effective Date. This ordinance shall take effect, and the levy of the Additional Major Improvement Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective immediately from and after its passage by the City Council of the City of Friendswood, Texas .

INTRODUCED, READ AND PASSED on first and final reading by the affirmative vote of the City Council of the City of Friendswood on this the 4th day of November, 2024.

MIKE FOREMAN, Mayor

ATTEST:

LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney

Friendswood City Center Public Improvement District

SERVICE AND ASSESSMENT PLAN

NOVEMBER 4, 2024



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section”, “Exhibit” or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On January 8, 2024, the City passed and approved Resolution No. R2024-01 authorizing the establishment of the District in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 106.472 acres located within the City, as described by the legal description on **Exhibit K** and depicted on **Exhibit A**.

The PID Act requires a Service Plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements and including a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Assessment Rolls are contained in **Exhibit G-1 and Exhibit G-2**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Owner[s], (either directly or through affiliates), including : (1) the costs for the design, planning, administration/management, acquisition, installation, construction and/or implementation and dedication of such Authorized Improvements; (2) the fees paid for obtaining permits, zoning, licenses, plan approvals, inspections or other governmental approvals for such Authorized Improvements; (3) the costs for external professional services, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) the costs for all labor, bonds, and materials, including equipment and fixtures, owing to contractors, builders, and materialmen engaged in connection with the acquisition, construction, or implementation of the Authorized Improvements; (5) all related permitting and public approval expenses, and architectural, engineering, legal, consulting, and other governmental fees, construction security, insurance premiums, directly related to the construction of the Authorized Improvements, and charges and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Owner[s].

“Additional Interest” means the amount collected by application of the Additional Interest Rate. Additional Interest shall be collected only if the balance in the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds and is not charged on the Reimbursement Obligation until such Reimbursement Obligation is financed through Additional Major Improvement Bonds.

“Additional Interest Rate” means the 0.50% additional interest rate that may be charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act.

“Additional Major Improvement Annual Installment” means the Annual Installment of the Additional Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if applicable; and (4) the pro rata portion of the Annual Collection Costs based on outstanding Additional Major Improvement Assessments, as shown on **Exhibit G-2**. The principal and interest amount of the Additional Major Improvement Assessment may be reduced by a portion of the TIRZ Annual Credit Amount, pursuant to Section V.

“Additional Major Improvement Assessments” means an assessment levied against the Assessed Property for the Additional Major Improvements and imposed pursuant to an Assessment Ordinance and the provisions hereof, as shown in the Additional Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions

set forth in **Section VI** herein and the PID Act, which Additional Major Improvement Assessments secure the Reimbursement Obligation.

"Additional Major Improvement Assessments Trigger Date" means that date upon which the Additional Major Improvement Assessments become due and payable which is the earlier of (i) the date on which the first bill is sent with the Additional Major Improvement Assessment subsequent to the issuance of PID Bonds secured by the Additional Major Improvement Assessments are issued and (ii) the date the first bill is sent with the Additional Major Improvement Assessment which date shall be no later than two years after the date on which the Assessment Ordinance levying the Additional Major Improvement Assessments is adopted.

"Additional Major Improvements" means those certain Authorized Improvements, the costs of which are allocated to the Additional Major Improvements Assessments, as described in **Section III.B** and shown on **Exhibit B-1**.

"Additional Major Improvement Bonds" means those certain "City of Friendswood Special Assessment Revenue Bonds" (Friendswood City Center Public Improvement District Additional Major Improvements Project) that are secured by the Additional Major Improvement Assessments.

"Additional Major Improvements Assessment Roll" means the assessment roll for the Assessed Property of the Additional Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Additional Major Improvements Assessment Roll is included as **Exhibit G-2**.

"Administrator" means the City or independent firm designated by the City who shall have the responsibilities provided in this Service and Assessment Plan, any Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrar and

Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year may be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment on an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable. The principal and interest amount of an Annual Installment may be reduced by the TIRZ Annual Credit Amount.

“Annual Service Plan Update” means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

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

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

“Assessment Roll” means any assessment roll for the for the Assessed Property, including the Initial Major Improvements Assessment Roll and Additional Major Improvements Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Assessment Rolls are included as **Exhibit G-1** and **Exhibit G-2**.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, including Initial Major Improvements, the Additional Major Improvements, First Year Annual Collection Costs, and Bond Issuance Costs (if appropriate), as described in **Section III**, as shown on **Exhibit B-1**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees

charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of any series of PID Bonds.

“City” means the City of Friendswood, Texas.

“City Council” means the governing body of the City.

“City Contribution” means \$5,000,000 of City of Friendswood lawfully available funds expended by the City to pay a portion of the total costs of the Detention Improvements.

“Condo Regime” means a form of real property ownership that combines separate ownership of individual “units” with common ownership of other units.

“County” means Harris County, Texas.

“Delinquency and Prepayment Reserve Account” means the funds established pursuant to an Indenture where the Additional Interest will be deposited.

“Delinquent Collection Costs” means costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“Detention Improvements” means those Authorized Improvements consisting of drainage and detention facilities and improvements as set forth in Section III hereof.

“Development Agreement” means that certain Friendswood City Center Development Agreement between the Developer and the City dated January 22, 2024.

“Developer” means Madison Development Corporation, LLC, a Texas limited liability company and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“District” means the Friendswood City Center Public Improvement District containing approximately 106.472 acres located within the City, as generally depicted on **Exhibit A**, and described on **Exhibit K**.

“Engineer’s Report” means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

“Estimated Buildout Value” means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with builders, reports from third

party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

“Fire Station” means the fire station to be located within the District and as further described in the Development Agreement.

“First Year Annual Collection Costs” means the Annual Collection Costs associated with the first year of the District.

“Indenture” means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

“Initial Major Improvements” means those certain Authorized Improvements, the costs of which are allocated to the Initial Major Improvements Assessments, as described in **Section III.A** and shown on **Exhibit B-1**.

“Initial Major Improvement Annual Installment” means the Annual Installment of the Initial Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if applicable and; (4) the pro rata portion of the Annual Collection Costs based on the outstanding Initial Major Improvement Assessments as shown on **Exhibit G-1**. The principal and interest amount of the Initial Major Improvement Assessment may be reduced by a portion of the TIRZ Annual Credit Amount, pursuant to Section V.

“Initial Major Improvement Assessment Roll” means the assessment roll for the Assessed Property of the Initial Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Additional Major Improvements Assessment Roll is included as **Exhibit G-1**.

“Initial Major Improvement Assessments” means an assessment levied against the Assessed Property for the Initial Major Improvements and imposed pursuant to an Assessment Ordinance and the provisions hereof, as shown in the Initial Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and the PID Act, which Initial Major Improvement Assessments secure the Initial Major Improvement Bonds.

“Initial Major Improvement Bonds” means those certain “City of Friendswood Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) that are secured by the Initial Major Improvement Assessments.

“Initial Parcel” means all of the Assessed Property within the District against which the entire

Initial Major Improvement Assessments and the Additional Major Improvement Assessments for the District are levied, as shown on the Assessment Roll attached as **Exhibit G-1**.

“Landowner Consent” means any “Landowner Consent” effective as of the date of each Assessment levy delivered by each landowner of Assessed Property at the time of an Assessment levy.

“Lot” means (1) for any portion of the District for which a final subdivision plat has been recorded in the Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; (2) a tract of land is described as a “lot” in a recorded instrument containing covenants, restrictions, and/or conditions for any portion of the District; (3) for any portion of the District for which a subdivision plat has not been recorded in the Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat; and (4) if a Condo Regime has been filed for any portion of the District, any unit of ownership included within the Condo Regime. A “Lot” may also include a tract of land upon which a condominium will be impressed creating condominium units but shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded Subdivision Plat or condominium unit.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g., lot size, land use classification, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council.

“Lot Type 1” means Assessed Property intended for use as inline retail or food retail within the District, as provided by the Owner. The buyer disclosures for Lot Type 1 is attached as **Appendix B**.

“Lot Type 2” means Assessed Property intended for mixed use within the District, as provided by the Owner. The buyer disclosure for Lot Type 2 is attached as **Appendix B**.

“Lot Type 3” means Assessed Property intended for use as a hotel within the District, as provided by the Owner. The buyer disclosure for Lot Type 3 is attached as **Appendix B**.

“Lot Type 4” means Assessed Property intended for use as office/medical space within the District, as provided by the Owner. The buyer disclosure for Lot Type 4 is attached as **Appendix B**.

“Lot Type 5” means Assessed Property intended to be developed as multi-family housing with a corridor of retail within the District, as provided by the Owner. The buyer disclosure for Lot Type 5 is attached as **Appendix B**.

“Maximum Assessment” means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) the amount shown on **Exhibit E**.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“Notice of PID Assessment Termination” means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit I**.

“Owner” or **“Owners”** means Madison Development Corporation, LLC, Lone Star Campus R1, LLC, Tima Holdings, LLC, Hill Gage Development Corporation, LLC, and Ajay K. Jain and any successors or assigns thereof.

“Parcel” or **“Parcel(s)”** means a specific property within the District identified by either a tax parcel identification number assigned by the Harris Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

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

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

“Prepayment” means the payment of all or a portion of an Assessment before the due date of the final Annual Installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

“Prepayment Costs” means interest, including Annual Collection Costs, to the date of Prepayment.

“Recorded Declaration” means the Declaration filed and recorded in the official public records of the County.

“Reimbursement Agreement” means the Friendswood City Center Public Improvement District Reimbursement Agreement between the City and the Developer dated November 4, 2024 pursuant to which the City agrees to levy the Additional Major Improvement Assessments on the Assessed Property in the District and all or a portion of such Additional Major Improvement Assessments are paid to the Developer to reimburse the Actual Costs of the Additional Major Improvements.

“Reimbursement Obligation” means the principal amount not to exceed \$17,822,000 to be paid to the Developer for the costs of the Additional Major Improvements pursuant to the Reimbursement Agreement, which amount is secured by the Initial Major Improvement Assessments.

“Service and Assessment Plan” means this Friendswood City Center Public Improvement District Service and Assessment Plan, as updated, amended, or supplemented from time to time.

“Service Plan” means the plan that defines the annual indebtedness and projected costs of the Authorized Improvements, and covers a period of at least five years, more specifically described in **Section IV**.

“TIRZ” means Reinvestment Zone Number One, City of Friendswood.

“TIRZ Administrative Costs” means those reasonable costs paid or incurred by or on behalf of the City to create and/or administer the TIRZ.

“TIRZ Agreement” means the TIRZ Agreement – Friendswood City Center PID, effective as of [DATE].

“TIRZ Annual Credit Amount” is defined in **Section V.E**, which amount shall not annually exceed the TIRZ Maximum Annual Credit Amount, and which shall be transferred from the TIRZ Fund to the applicable pledged revenue fund pursuant to the TIRZ Project Plan.

“TIRZ Fund” means the tax increment fund created pursuant to the TIRZ Ordinance where TIRZ Revenues are deposited annually.

“TIRZ Maximum Annual Credit Amount” means for each Lot Type, the amount of TIRZ Revenues that results in an equivalent tax rate of \$2.34 per \$100 of assessed value for such Lot Type taking into consideration the tax rates of all applicable overlapping taxing units and the equivalent tax rate of each applicable Assessment levied on each Lot Type, based on Estimated Buildout Value at the time the City Council approves each Assessment Ordinance levying each respective Assessment, as shown on **Exhibit F**. the Estimated Buildout Value per Lot Type is shown on **Exhibit E**.

“TIRZ Ordinance” means Ordinance No. 2023-31 adopted by the City Council on December 4, 2023, which approved the creation of Reinvestment Zone Number One and authorized the use of TIRZ Revenues for project costs under the Chapter 311, Texas Tax Code, as amended, and related to certain public improvements as provided in the TIRZ Project Plan.

“TIRZ Project Plan” means the Reinvestment Zone Number One, City of Friendswood Final Project and Reinvestment Zone Financing Plan, as periodically amended and updated.

“TIRZ Revenues” mean, for each year, the amounts which are deposited in the TIRZ Fund pursuant to the Development Agreement, the TIRZ Ordinance, and TIRZ Project Plan.

“Trustee” means the trustee or successor trustee under an Indenture.

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SECTION II: THE DISTRICT

The District includes approximately 106.472 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K**, and depicted on **Exhibit A**. Development of the District is anticipated to include approximately 76,408 square feet of building space as inline retail or food retail (Lot Type 1), 268,800 square feet of building space as mixed use (Lot Type 2), an approximately 115 keys hotel with convention space (Lot Type 3), 194,050 square feet of office/medical building space (Lot Type 4), and approximately 750,000 square feet of multifamily that includes a corridor of retail (Lot Type 5).

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City unless otherwise noted. The budget for the Authorized Improvements is shown on **Exhibit B-1**.

A. Initial Major Improvements

I. Roadway Improvements

▪ *FM 528 Traffic Improvements*

Signalization improvements at F.M. 528 and Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications. Includes the addition of a southbound left turn lane on Townes Rd. to balance the new (widening) approach to F.M. 528 northbound from the new development.

Includes signalization improvements at F.M. 528 and Blackhawk Blvd. consisting of upgrades to the existing traffic signal to full operation to current Texas Department of Transportation specifications with a new south leg of the intersection, and addition of southbound left turn lane at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd. to balance the new widening approach to F.M. 528 for access management purposes. The signalization improvements will be owned and operated by the TxDOT and will provide benefit to each Lot within the District.

- *Phase 1 Blackhawk Boulevard Improvements*

Improvements include 4 lane arterial street construction to serve as an extension of the existing Blackhawk Boulevard from F.M. 528 to the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard and includes the construction of the roundabout. The extension will provide connection to Larrabee Way, as well as multiple local streets and is calculated to be approximately 3,512 square yards of roadway construction. Also includes the addition of a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to F.M. 528 for access management purposes. The Phase 1 Blackhawk Boulevard Improvements will provide benefit to each lot within the District.

- *Phase 1 Townes Road Improvements*

Includes the construction of 4,276 square yards of reinforced concrete street to include subgrade and a roundabout at the intersection of Townes Road and Larrabee Way, that serves as a continuation of the existing Townes Road located north of F.M. 528. The construction of the new section will begin at F.M. 528 and terminates at Larrabee Way at the southern end of the roundabout at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Madison Avenue Improvements*

Includes the construction of 1,543 square yards of a reinforced concrete street to include subgrade that will provide 2 travel lanes beginning at F.M. 528 and terminating at the 4-way stop at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Larrabee Way Improvements*

Includes the construction of 2 lanes, 12,275 square yards, of a reinforced concrete street to include subgrade which will transverse perpendicular to Madison Avenue and includes a 4-way stop at the intersection of Madison Avenue and Larrabee Way. The street improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 1 Earthwork, Paving and Grading*

Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the Phase 1 Storm Drainage improvements, Detention Pond 1 and Detention Pond 2, along with the hauling and removal of dirt. In addition, there

will be sidewalk improvements for the benefit of walkability within the site, as well as better access from F.M. 528 for pedestrian traffic. Only a portion of the cost of earthwork, paving and grading will be funded by the Initial Major Improvement Assessment. The remaining costs will be paid from the City Contribution.

III. Clearing, Grubbing and Demolition

- *District Clearing, Grubbing and Demolition*

Includes light and heavy clearing for the construction and installation of the Initial Major Improvements to include heavy clearing for the construction of Detention Pond 1, along with the removal and disposal of 3" public force main and 12" public water line. The improvements are necessary for the construction of the Initial Major Improvements and will provide benefit to each Lot within the District. A portion of the costs of Clearing, Grubbing and Demolition is being funded with the City Contribution and approximately 27.07% of the costs of such improvements (\$873,609) is apportioned to the District as part of the Initial Major Improvements.

IV. Detention Improvements

- *Detention Pond 1*

Improvements Include the excavation and construction of Detention Pond 1, a 4' retaining wall cast in place, an 8' retaining wall cast in place, installation of a backslope interceptor and swale, application of fertilizer seeds for stabilization, dewatering, sheet piling, riprap, collection screen structure and haul and disposal of utility spoils. The Detention Pond 1 Improvements will provide benefit to each Lot within the District.

- *Detention Pond 2*

Improvements include the excavation and construction of Detention Pond 2, installation of a backslope interceptor and swale, and application of hydro mulch for stabilization. The Detention Pond 2 Improvements will provide benefit to each Lot within the District. A portion of the costs of Detention Pond 2 are being funded by the City Contribution and approximately 68.79% of the costs of such improvements (\$11,020,226) is apportioned to the District as part of the Initial Major Improvements.

- *Phase 1 Storm Drainage*

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from F.M. 528 and terminating at the point of the proposed bridge connection at Blackhawk Boulevard. The improvements will provide a benefit to all

Lots within the District.

V. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Initial Major Improvements.

VI. Soft Costs

Costs related to designing, constructing, and installing the Initial Major Improvements including land planning and design, engineering, soil testing, consultant fees, project coordination, and survey. A portion of the soft costs are being funded by City Contribution and approximately 4.84% of the costs of such Initial Major Improvements (\$83,010) is apportioned to the Initial Major Improvements within the District.

B. Additional Major Improvements

I. Roadway Improvements

▪ *Phase 2 Blackhawk Boulevard Improvements*

Improvements include the continuation of the extension of the Phase 1 Blackhawk Boulevard Improvements, consisting of 17,711 square yards of reinforced concrete street and subgrade, from the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard to West Bay Area Boulevard. Additionally, the improvements include the construction of a 4-lane bridge with 2 lanes for east and west bound on Blackhawk Boulevard. The Phase 2 Blackhawk Boulevard Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Townes Road Improvements*

Improvements include the construction of 4,723 square yards of reinforced concrete street and subgrade to serve as a continuation of the Phase 1 Townes Road Improvements from the roundabout at Larrabee Way and terminating at Bennett Boulevard. The Phase 2 Townes Road Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Madison Avenue Improvements*

Improvements include the continuation of construction of reinforced concrete street, 3,114 square yards, and subgrade from the 4-way stop at Larrabee Way to the roundabout at Bennett Boulevard. The Phase 2 Madison Avenue Improvements will provide benefit to each Lot within the District.

- *Bennett Boulevard Improvements*

Improvements include the construction of 2 travel lanes, 11,728 square yards, eastward and 2 travel lanes westward of reinforced concrete street and subgrade to include a roundabout that terminates to the south where the right-of-way ends the multi-family development begins. The Bennett Boulevard Improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 2 Earthwork, Paving and Grading*

Improvements to include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the phase 2 storm drainage improvements, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site as well as sidewalk improvements to improve foot traffic from Clear Creek Independent School District property to the Northwest to Blackhawk Blvd. and West Bay Area Boulevard. The street improvements will provide benefit to each Lot within the District. A portion of the Phase 2 Earthwork, Paving and Grading is being funded by the City Contribution and approximately 63.49% of the costs of such improvements (\$412,543) is apportioned to the District as part of the Additional Major Improvements.

III. Water Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances required to provide water service to all Lots within the District.

There will be a water line constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a water line along Townes Rd. and Bennert Blvd. Larrabee Way will have a water line running across connecting the water lines on Townes Rd. and Blackhawk Blvd. The water improvements will provide benefit to each Lot within the District.

IV. Wastewater Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, testing,

and all necessary appurtenances constructed to the City of Friendswood standards required to provide wastewater service to all Lots within the District.

Construction will consist of wastewater lines on Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from a wastewater line to a wastewater line tying into the manhole on West Bay Area Blvd. In addition to new proposed wastewater lines, there will be improvements to the existing force main running through the site, as well as relocation of an existing City-owned force main. The wastewater improvements will provide benefit to each Lot within the District.

- *Sanitary Sewer Lift Station*

Includes a proposed Sanitary Lift Station that includes a tie into the manhole on West Bay Area Blvd. An existing 8" sanitary sewer line and sanitary lift station that currently service Clear Creek Community Church will be abandoned, and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center sanitary sewer system near the Blackhawk Blvd. and F.M. 528 connection. The Sanitary Sewer Lift Station will provide a benefit to each Lot within the District.

- V. Phase 2 Storm Drainage

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from the proposed bridge connection at Friendswood Link Road running south along Blackhawk Boulevard to West Bay Area Boulevard. The Phase 2 Storm Drainage improvements will provide a benefit to each Lot within the District.

- VI. Landscaping, Parks and Public Amenities

Improvements include walking and bike trails that are constructed of decomposed granite pavement with concrete edges. The trail will include rest areas with park benches and lighting at key viewing locations. Additionally, the park will also have a few bird blinds, wayfinding graphics, bath, and parking facilities. The area will be landscaped with native vegetation and wetland grasses. As the walking and bike trails extend into the urban area, it will connect to a concrete and paver path that will include park benches and pedestrian lighting. The trail will provide a continuous and accessible route to all the buildings within the District. Landscape along the trail will be a blend of seasonal color plants and regional vegetation that complies with the City landscaping requirements. The Landscaping, Parks and Public Amenities will provide a benefit to each Lot within

the District.

VII. Fire Station

Improvements include the construction of a fire station for use by the City of Friendswood for the benefit of the public that will be constructed along phase 2 of the Blackhawk Blvd. expansion. 87.96% of the Fire Station is being funded by other lawfully available revenues of the City. 12.04% is apportioned to the District, as part of the Additional Major Improvements, pro rata based on estimated assessed value, as detailed on **Exhibit B-2**.

VIII. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Additional Major Improvements.

IX. Soft Costs

Costs related to designing, constructing, and installing the Additional Major Improvements including land planning and design, City fees, inspection fees, engineering, soil testing, geotechnical engineering, and survey.

C. Bond Issuance Costs

- *Delinquency and Prepayment Reserve Account*

Equals the amount to be deposited in the Delinquency and Prepayment Reserve Account under an Indenture in connection with the issuance of the Initial Major Improvement Bonds and any PID Bonds issued to finance the Additional Major Improvements.

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of Initial Major Improvement Bonds and any PID Bonds issued to finance the Additional Major Improvements.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest on the Initial Major Improvement Bonds and any other series of PID Bonds under an applicable Indenture.

- *Underwriter's Discount*

Equals a percentage of the par amount of the Initial Major Improvement Bonds related to the costs of underwriting Initial Major Improvement Bonds and a percentage of par of any future series of PID Bonds issued to finance the Additional Major Improvements.

- *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of any PID Bonds.

D. Other Costs

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

- *District Formation Expenses*

Equals the amount necessary to fund the district formation costs, to include legal fees and consultant fees, incurred and paid by the Owner and apportioned equally to both the Initial Major Improvements and the Additional Major Improvements.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update to show any budget revisions and the amount required to fund the required reserves and issue each series PID Bonds at the time such PID Bonds are issued.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Owner, Developer, and all future owners and developers of the Assessed Property.

A. Assessment Methodology

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs of the Authorized Improvements shall be allocated to each Assessed Property pro rata based on Estimated Buildout Value. Currently, the Initial Parcel is the only Parcel within the District, and as such, the Initial Parcel is allocated 100% of the costs of the Authorized Improvements, which costs are allocated between the Initial Major Improvements Assessments and the Additional Major Improvements Assessments. Upon subdivision of an Assessed Property, the Actual Costs of the Authorized Improvements shall be reallocated based on Estimated Buildout Value as further described in **Section VI**.

B. Assessments

The Initial Major Improvements Assessments will be levied on the Initial Parcel in the amounts shown on the Initial Major Improvements Assessment Roll, attached hereto as **Exhibit G-1**. The Additional Major Improvements will be levied on the Initial Parcel in the amounts shown on the Additional Major Improvements Assessment Roll attached hereto as **Exhibit G-2**. The Annual Installments of the Initial Major Improvement Assessments and the Annual Installments of the Additional Major Improvement Assessments are shown on **Exhibit G-3**. Upon division or subdivision of the Initial Parcel, the Initial Major Improvement Assessment and Additional Major Improvement Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessments for Lots classified as Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, and Lot Type 5, respectively, exceed the corresponding Maximum Assessment for each Lot Type classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- The estimated Actual Costs of the Authorized Improvements equal \$65,858,695 as shown on **Exhibit B-1**;
- The Initial Parcel will be allocated 100% of the Assessment levied for the Authorized Improvements (which Assessments include the Initial Major Improvement Assessments and the Additional Major Improvements Assessments), which equals \$55,322,000 as shown on the Assessment Rolls attached hereto as **Exhibit G-1** and **Exhibit G-2**;

- The special benefit (\$65,858,695) received by the Initial Parcel from the Authorized Improvements is equal to or greater than the amount of the Assessment (\$55,322,000) levied on the Initial Parcel for the Authorized Improvements; and
- At the time the City Council approved the Service and Assessment Plan, the Owners owned 100% of the Initial Parcel. The Owners acknowledged that the Authorized Improvements confer a special benefit on the Initial Parcel and consented to the imposition of the Assessment to pay for the Actual Costs associated therewith. The Owners ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Assessment on the Initial Parcel.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs 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.

E. Additional Interest

The interest rate on Assessments securing PID Bonds may exceed the interest rate on such PID Bonds by the Additional Interest Rate. Additional Interest shall be collected on the Initial Major Improvement Assessments if the Delinquency and Prepayment Reserve Account falls below 2.5% of outstanding bond par. Additional Interest will not be collected on the Additional Major Improvement Assessments until the issuance of PID Bonds secured by the Additional Major Improvement Assessments, and at such time will be collected pursuant to the terms of the applicable Indenture.

F. TIRZ Annual Credit Amount

The City Council, in accordance with the TIRZ Project Plan, has agreed to use a portion of TIRZ Revenues generated from each Assessed Property to offset a portion of the principal and interest of the Assessments, as applicable.

1. The principal and interest portion of the Initial Major Improvement Annual Installment for an Assessed Property shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Assessed Property for the previous Tax Year (e.g. TIRZ Revenue collected

from the Assessed Property for Tax Year 2025 shall be applied as the TIRZ Annual Credit Amount applicable to the Assessed Property's Initial Major Improvement Annual Installment collected in Tax Year 2026), but in no event shall the TIRZ Annual Credit Amount exceed the TIRZ Maximum Annual Credit Amount shown in **Section V.E.2** as calculated on **Exhibit F** for each Assessed Property.

2. The TIRZ Maximum Annual Credit Amount available to reduce the principal and interest portion of the Initial Major Improvement Annual Installment for an Assessed Property is calculated for each Lot Type, as shown on **Exhibit F**. The TIRZ Maximum Annual Credit Amount is calculated so that the average Initial Major Improvement Annual Installment minus the TIRZ Maximum Annual Credit Amount for each Lot Type does not produce an equivalent tax rate for such Lot Type which exceeds the competitive, composite equivalent ad valorem tax rate (\$2.34 per \$100 of assessed value) taking into consideration the 2024 tax rates of all applicable overlapping taxing units and the equivalent tax rate of the Initial Major Improvement Annual Installment based on the Estimated Buildout Values at the time Assessment Ordinance is approved. The resulting TIRZ Maximum Annual Credit Amount for each Lot Type is shown on **Exhibit F**. The TIRZ Maximum Annual Credit Amount will not be used to reduce the principal and interest on the Additional Major Improvement Assessment.
3. After the TIRZ Annual Credit Amount is applied to provide a credit towards the principal and interest portion of the Initial Major Improvement Annual Installment for the Assessed Property, any excess TIRZ Revenues available from the TIRZ Fund shall be applied pursuant to the TIRZ Project Plan.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this **Section VI** shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat or Declaration

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property
B = the Assessment for the Assessed Property prior to division
C = the Estimated Buildout Value of the newly divided Assessed Property
D = the sum of the Estimated Buildout Value for all the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Owner, relying on information from builders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for each Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

2. Upon Subdivision by a Recorded Subdivision Plat or Recorded Declaration

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot
B = the Assessment for the Parcel prior to subdivision
C = the sum of the Estimated Buildout Value of all newly subdivided Lots with same Lot Type
D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefitted Property
E = the number of newly subdivided Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat or recorded declaration. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Owner, builders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for each Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

3. Upon Consolidation

If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B.**

B. True-Up of Assessments if Maximum Assessment Exceeded

Upon submission of a preliminary plat and/or site plan by the Owner to the City, the Owner shall provide the City the gross building square footage and use type for land included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The Administrator will review the preliminary plat and/or site plan to determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the Administrator determines the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the City issuing any building permit for any such Lot described in the reviewed preliminary plat or site plan, the Owner will make a Prepayment in an amount sufficient to reduce the Assessment for each Lot within such preliminary plat and/or site plan to the Maximum Assessment. The City's approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts does not eliminate the obligation of the Owner to pay such amounts.

By way of illustration, if a block is initially anticipated to contain 1,000 square feet of commercial property subject to a Maximum Assessment of \$10 per square foot, the block would initially be allocated a total Assessment of \$10,000. If the Developer then submits to the City and Administrator a Preliminary Site Plan showing only 800 square feet of commercial property on said block, the Owner will be required to make or cause to be made a Prepayment in an amount sufficient to reduce the Assessment allocated to said block to the Maximum Assessment of \$10 per square foot, which is calculated using the following formula:

$$A = B - (C * D)$$

Where the terms have the following meanings:

A = the Prepayment amount

B = the Assessment originally allocated to the Assessed Property

C = the number of units in the Assessed Property per the Preliminary Site Plan

D = the Maximum Assessment per unit

	Square Footage	Assessment	Assessment per Square Foot ^[a]
Initially Anticipated:	1,000	\$ 10,000.00	\$ 10.00
Site Plan:	800	\$ 10,000.00	\$ 12.50
Post-Prepayment ^[b] :	800	\$ 8,000.00	\$ 10.00

Footnotes:

[a] The Maximum Assessment per square foot is \$10.00.

[b] The Mandatory Prepayment amount required in this example to reduce the Assessment per square foot back down to the Maximum Assessments of \$10.00 is \$2,000.00 (10,000-(800*10) = 2,000).

C. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefitted Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefitted Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer; provided that, however, such mandatory Prepayment of the Assessment shall not be required for portions of a Parcel that are dedicated or conveyed to the City, a property owner association, any other governmental entity or utility provider for use as internal roads, utilities, parks, drainage and detention facilities, and other similar public improvements, in which case the Assessment that was allocated to the Parcel will be reallocated to the remainder of the Parcel. If a reallocation to the remainder of the Parcel as

provided in the foregoing sentence causes the Assessment for such remainder to exceed the Maximum Assessment, the owner of the remainder of the Parcel must partially prepay the Assessment to the extent it exceeds the Maximum Assessment in an amount sufficient to reduce the Assessment to the Maximum Assessment.

D. Reduction of Assessments

If the Actual Costs of completed Initial Major Improvements are less than the Initial Major Improvement Assessments, then (i) in the event Initial Major Improvement Bonds have not been issued for the purpose of financing the Initial Major Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Initial Major Improvement Assessment, on a pro rata basis, such that the sum of the resulting reduced Initial Major Improvement Assessments for all Initial Major Improvement Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that Initial Major Improvement Bonds have been issued for the purpose of financing the Initial Major Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to the Initial Major Improvement Bonds as directed by the City pursuant to the terms of such Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as the Initial Major Improvement Assessments. Such excess Initial Major Improvement Bond proceeds may be used for any purpose authorized by such Indenture. The Initial Major Improvement Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Initial Major Improvement Bonds.

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

If the Actual Costs of completed Additional Major Improvements are less than the Additional Major Improvement Assessments, then (i) in the event Additional Major Improvement Bonds have not been issued for the purpose of financing the Additional Major Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Additional Major Improvement Assessment, on a pro rata basis, such that the sum of the resulting reduced Additional Major Improvement Assessments for all Additional Major Improvement Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that Additional Major Improvement Bonds have been issued for the purpose of financing the Additional Major Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to the Additional Major Improvement Bonds as directed by the City pursuant to the terms of such

Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as the Additional Major Improvement Assessments. Such excess Additional Major Improvement Bond proceeds may be used for any purpose authorized by such Indenture. The Additional Major Improvement Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Additional Major Improvement Bonds.

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

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the applicable Assessment Rolls revised accordingly; (2) the Administrator shall prepare the revised Assessment Rolls and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to reflect the amount of the Assessment remaining after such partial prepayment on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit G-3** shows the estimated Annual Installments including both the Initial Major Improvement

Assessment and the Additional Major Improvement Assessment. Annual Installments are subject to adjustment in each Annual Service Plan Update.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments may at the discretion of the City be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes to the extent practically possible. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Initial Major Improvement Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2027. The initial Annual Installments of the Additional Major Improvement Assessments shall become delinquent on the first February 1 falling after the Additional Major Improvement Assessments Trigger Date.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (**the "Remaining Property"**) following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Remaining Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value

requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the applicable Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Assessment on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

SECTION VII: ASSESSMENT ROLL

The Assessment Rolls are attached as **Exhibit G-1** and **Exhibit G-2**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Assessment Rolls and Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such a written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator. Any action by the City Council shall not impair the rights or security for bondholders of the PID Bonds.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure; Filing in Real Property Records

Within seven days of approval by the City Council, the Assessment Ordinance shall be filed and recorded in the real property records of the County. In addition, the City shall similarly file each Annual Service Plan Update approved by the City Council, with each such filing to occur within seven days of the date of each respective Annual Service Plan Update is approved.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Remaining provisions of this Service and Assessment Plan shall remain in effect.

EXHIBITS

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

Exhibit A	District Boundary Map
Exhibit B-1	Project Costs
Exhibit B-2	Fire Station Apportionment of Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E	Maximum Assessment and Tax Rate Equivalent
Exhibit F	TIRZ Maximum Annual Credit Amount
Exhibit G-1	Initial Major Improvement Assessment Roll
Exhibit G-2	Additional Major Improvement Assessment Roll
Exhibit G-3	Annual Installments
Exhibit H	Maps of Initial Major Improvements and Additional Major Improvements
Exhibit I	Form of Notice of PID Assessment Termination
Exhibit J	Debt Service Schedule for Initial Major Improvement Bonds
Exhibit K	District Boundary Description

APPENDICES

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

Appendix A Engineer's Report

Appendix B Buyer Disclosures

EXHIBIT A – DISTRICT BOUNDARY MAP

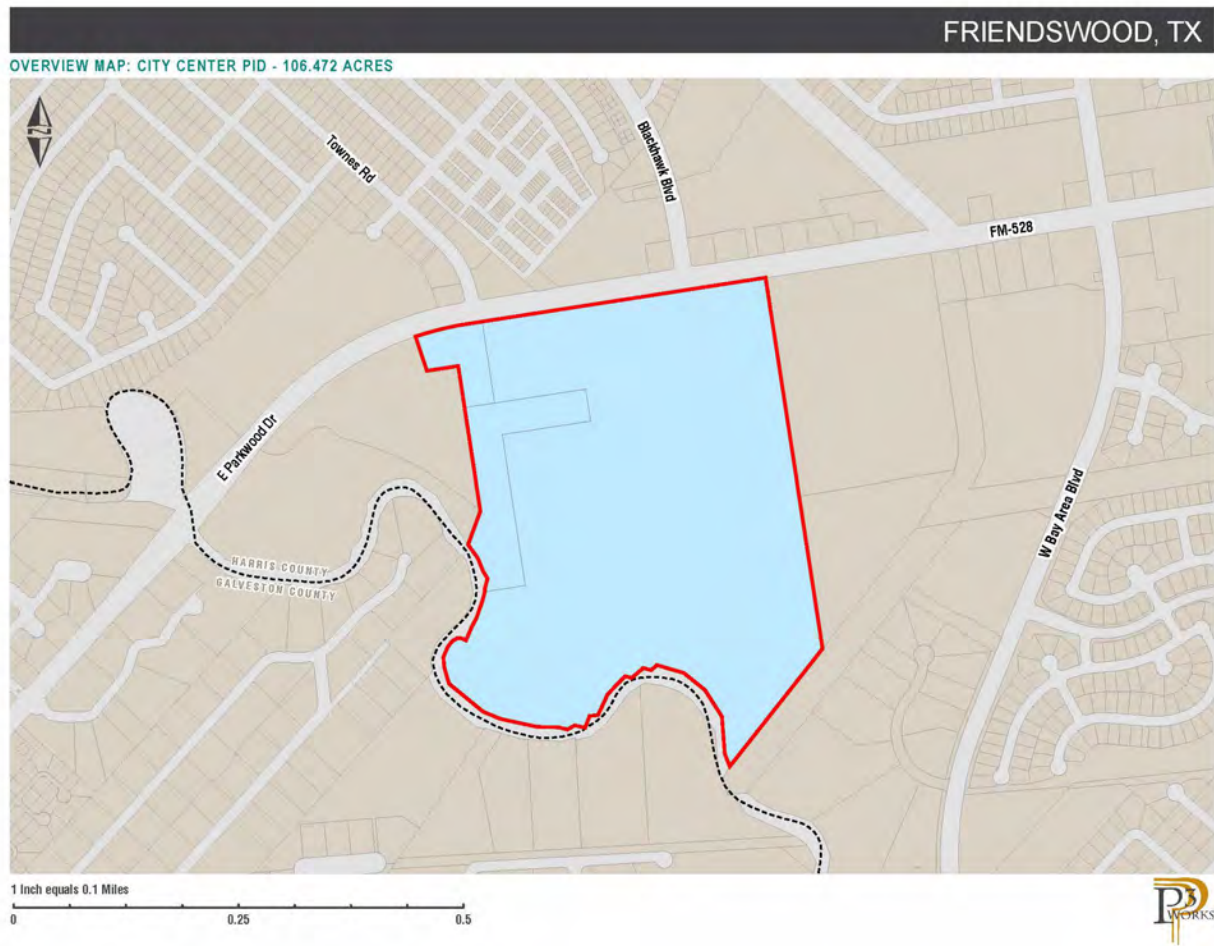


EXHIBIT B-1 – PROJECT COSTS

	Total Costs ^[a]	Non-District Costs ^[b]		District	
		%	\$	%	\$
Initial Major Improvements					
FM 528 Traffic Improvements	\$1,200,000	0.00%	\$ -	100.00%	\$1,200,000
Phase 1 Blackhawk Boulevard Improvements	240,923	0.00%	-	100.00%	240,923
Phase 1 Townes Road Improvements	271,984	0.00%	-	100.00%	271,984
Phase 1 Madison Avenue Improvements	98,159	0.00%	-	100.00%	98,159
Larrabee Way Improvements	817,556	0.00%	-	100.00%	817,556
Phase 1 Earthwork, Paving and Grading	649,796	36.51%	237,253	63.49%	412,543
Clearing, Grubbing and Demolition	3,226,758	72.93%	2,353,150	27.07%	873,609
Detention Pond 1	14,761,896	5.27%	778,095	94.73%	13,983,801
Detention Pond 2	2,018,477	0.00%	-	100.00%	2,018,477
Phase 1 Storm Drainage	5,144,261	0.00%	-	100.00%	5,144,261
Contingency ^[c]	3,695,875	0.00%	-	100.00%	3,695,875
Soft Costs ^[d]	1,714,512	95.16%	1,631,502	4.84%	83,010
	\$ 33,840,197		\$ 5,000,000		\$ 28,840,198
Additional Major Improvements					
Phase 2 Blackhawk Blvd. Improvements	\$3,703,530	0.00%	\$ -	100.00%	\$3,703,530
Phase 2 Townes Rd. Improvements	323,993	0.00%	-	100.00%	323,993
Phase 2 Madison Ave. Improvements	213,654	0.00%	-	100.00%	213,654
Bennett Blvd. Improvements	804,530	0.00%	-	100.00%	804,530
Phase 2 Earthwork, Paving & Grading	1,417,727	0.00%	-	100.00%	1,417,727
Water	1,007,036	0.00%	-	100.00%	1,007,036
Wastewater	862,879	0.00%	-	100.00%	862,879
Sanitary Sewer Lift Station	1,330,700	0.00%	-	100.00%	1,330,700
Phase 2 Storm Drainage	179,101	0.00%	-	100.00%	179,101
Landscaping, Parks and Amenities	5,597,472	0.00%	-	100.00%	5,597,472
Fire Station ^[e]	8,300,000	87.57%	7,268,310	12.43%	1,031,690
Contingency ^[f]	2,141,400	0.00%	-	100.00%	2,141,400
Soft Costs ^[g]	2,981,848	0.00%	-	100.00%	2,981,848
	\$ 28,863,870		\$ 7,268,310		\$ 21,595,560
Initial Major Improvement Bond Issuance Costs					
Delinquency and Prepayment Reserve Fund	\$ 937,500		\$ -		\$ 937,500
Debt Service Reserve Fund	3,201,440		-		3,201,440
Capitalized Interest	4,717,708		-		4,717,708
Underwriter Discount	1,125,000		-		1,125,000
Cost of Issuance	1,875,000		-		1,875,000
	\$ 11,856,648		\$ -		\$ 11,856,648
Additional Major Improvement Bond Issuance Costs ^[h]					
Delinquency and Prepayment Reserve Fund	\$ 445,550		\$ -		\$ 445,550
Debt Service Reserve Fund	1,513,540		-		1,513,540
Underwriter Discount	535,162		-		535,162
Cost of Issuance	891,100		-		891,100
	\$ 3,385,352		\$ -		\$ 3,385,352
District Formation Expenses					
District Formation Expenses	\$ 100,000		\$ -		\$ 100,000
	\$ 100,000		\$ -		\$ 100,000
Other Costs					
Deposit to Administrative Fund	\$ 80,000		\$ -		\$ 80,000
	\$ 80,000		\$ -		\$ 80,000
Total	\$ 78,126,067		\$ 12,268,310		\$ 65,857,757

Footnotes:

[a] Costs were determined by the Engineer's Report attached hereto as **Appendix A**.

[b] Funding for the Non-District Costs are being provided by other lawfully available revenue of the City and will not reimbursed by the PID Bonds, Initial Major Improvement Assessments or Additional Major Improvement Assessments.

[c] Calculated at 13% of hard construction costs for the Initial Major Improvements as approved by the City.

[d] Includes professional services fees related to drainage and flood mitigation, Land Planning, Design, Engineering, Geotechnical Engineering, and Surveying for the Initial Major Improvements.

[e] Apportionment of Costs for the Fire Station is based on the estimated Assessed Valuation for the District as a percentage of the City's 2023 Assessed Valuation.

[f] Calculated at 13% of hard construction costs for the Additional Major Improvements as approved by the City.

[g] Includes professional services fees related to Engineering, Geotechnical Engineering, Surveying, Land Planning and Design of the Additional Major Improvements.

[h] Preliminary estimates. Actual costs will be determined at the time of bond issuance for the Additional Major Improvements.

EXHIBIT B-2 – FIRE STATION – APPORTIONMENT OF COSTS

Entity	Estimated Assessed Valuation ¹	Fire Station Improvements ²		Total Apportionment to District ¹
		%	Costs	
City	5,401,437,619	87.56%	\$ 7,267,480	
District	767,145,099	12.44%	\$ 1,032,520	\$ 1,032,520
Total	\$ 6,168,582,718	100.00%	\$ 8,300,000	

Footnotes:

1)The District estimated Taxable Valuation is estimated by the Developer and the City's 2024 estimated Taxable Valuation is per the City on September 17, 2024.

2) The Fire Station Improvements are apportioned based on the estimated Taxable Valuation for the District as a percentage of the of City's 2024 estimated Taxable Valuation.

EXHIBIT C – SERVICE PLAN

		District				
Annual Installments Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
<i>Initial Major Improvement Bonds</i>						
Principal		\$ -	\$ -	\$ 438,000	\$ 469,000	\$ 504,000
Interest ^[a]		2,092,708	2,625,000	2,625,000	2,594,340	2,561,510
Capitalized Interest		(2,092,708)	(2,625,000)	-	-	-
	(1)	\$ -	\$ -	\$ 3,063,000	\$ 3,063,340	\$ 3,065,510
Additional Interest ^[b]	(2)	\$ 187,500	\$ 187,500	\$ 187,500	\$ 185,310	\$ 182,965
<i>Additional Major Improvements Reimbursement Obligation</i>						
Principal		\$ -	\$ -	\$ 266,000	\$ 282,000	\$ 298,000
Interest ^[c]		-	-	1,247,540	1,228,920	1,209,180
	(3)	\$ -	\$ -	\$ 1,513,540	\$ 1,510,920	\$ 1,507,180
Annual Collection Costs	(4)	\$ -	\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595
Total Annual Installments	(5) = (1) + (2) + (3) + (4)	\$ -	\$ 81,600	\$ 4,659,772	\$ 4,659,157	\$ 4,659,285

Footnotes:

[a] Calculated at the rate on the Series 2024 Bonds plus Additional Interest.

[b] Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of outstanding bond par.

[c] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on the Bonds plus the Additional Interest.

EXHIBIT D – SOURCES AND USES OF FUNDS

	Initial Major Improvements	Additional Major Improvements	Total
Sources of Funds			
Initial Major Improvement Bonds	\$ 37,500,000	\$ -	\$ 37,500,000
Additional Major Improvement Reimbursement Obligation ^[a]	-	17,822,000	\$ 17,822,000
Non-District Sources ^[b]	5,000,000	7,268,310	12,268,310
Owner Contribution ^[c]	3,291,846	7,243,911	10,535,757
Total Sources of Funds	\$ 45,791,846	\$ 32,334,221	\$ 78,126,067
Uses of Funds			
Major Improvements	\$ 28,840,198	\$ 21,595,560	\$ 50,435,757
Non-PID Improvements	\$ 5,000,000	\$ 7,268,310	\$ 12,268,310
Total Improvements	\$ 33,840,197	\$ 28,863,870	\$ 62,704,067
<i>Initial Major Improvement Bond Issuance Costs</i>			
Delinquency and Prepayment Reserve Fund	\$ 937,500	\$ -	\$ 937,500
Debt Service Reserve Fund	3,201,440	-	3,201,440
Capitalized Interest	4,717,708	-	4,717,708
Underwriter Discount	1,125,000	-	1,125,000
Cost of Issuance	1,875,000	-	1,875,000
	\$ 11,856,648	\$ -	11,856,648
<i>Additional Major Improvement Bond Issuance Costs^[d]</i>			
Delinquency and Prepayment Reserve Fund	\$ -	\$ 445,550	\$ 445,550
Debt Service Reserve Fund	-	1,513,540	1,513,540
Underwriter Discount	-	535,162	535,162
Cost of Issuance	-	891,100	891,100
	\$ -	3,385,352	3,385,352
<i>District Formation Expenses</i>			
District Formation Expenses	50,000	50,000	100,000
	\$ 50,000	50,000	100,000
<i>Other Costs</i>			
Deposit to Administrative Fund	45,000	35,000	80,000
	\$ 45,000	\$ 35,000	\$ 80,000
Total Uses of Funds	\$ 45,791,846	\$ 32,334,221	\$ 78,126,067

Footnotes:

[a] Remaining reimbursement to the developer pursuant to the Reimbursement Agreement that shall be paid with Annual Installments of Additional Major Improvement Assessments or may be financed by the issuance of future PID Bonds.

[b] Non-District sources are lawfully available revenue of the City to be contributed to pay or reimburse certain costs of the Authorized Improvements and will not be utilized to buydown the Initial Major Improvement Assessment or the Additional Major Improvement Assessment. The sources are to be paid as a direct reimbursement for costs.

[c] Non-reimbursable to the Owner/Developer through PID Bonds, the Initial Major Improvement Assessments, or the Additional Major Improvement Assessments.

[d] Estimated, subject to change.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Lot Type	Function ^[a]	Units/Sq. Ft. ^[b]	Estimated Buildout Value ^[c]		Initial Major Improvement Assessment		Additional Major Improvement Assessment ^[d]		Total Maximum Assessment ^{[e],[f]}		Initial Major Improvement Maximum Annual Installment		Additional Major Improvement Maximum Annual Installment		Total Maximum Annual Installment		Value to Lien Per Appraised Value ^[g]	TRE ^[h]
			Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total ^[d]		
Lot Type 1	Inline Retail or Food Retail	76,408	\$ 578	\$ 44,140,000	\$ 28.25	\$ 2,158,446	\$ 13.43	\$ 1,025,809	\$ 41.67	\$ 3,184,255	\$ 2.461603	\$ 188,086	\$ 1.167589	\$ 89,213	\$ 3.63	\$ 268,212	20.450	\$ 0.607640
Lot Type 2	Mixed Use Building	268,800	\$ 480	\$ 129,125,714	\$ 23.49	\$ 6,314,248	\$ 11.16	\$ 3,000,867	\$ 34.65	\$ 9,315,115	\$ 2.046954	\$ 550,221	\$ 0.970912	\$ 260,981	\$ 3.02	\$ 784,619	1.402	\$ 0.607640
Lot Type 3	Hotel	115	\$ 217,391	\$ 25,000,000	\$ 10,630.44	\$ 1,222,500	\$ 5,052.15	\$ 580,997	\$ 15,682.59	\$ 1,803,497	\$ 926.332224	\$ 106,528	\$ 439.378303	\$ 50,529	\$ 1,365.71	\$ 151,910	1.710	\$ 0.607640
Lot Type 4	Office	194,050	\$ 405	\$ 78,605,385	\$ 19.81	\$ 3,843,804	\$ 9.41	\$ 1,826,781	\$ 29.22	\$ 5,670,584	\$ 1.726089	\$ 334,948	\$ 0.818719	\$ 158,873	\$ 2.54	\$ 477,638	1.074	\$ 0.607640
Lot Type 5	Multi-Family ^[f]	750,000	\$ 653	\$ 490,000,000	\$ 31.95	\$ 23,961,002	\$ 15.18	\$ 11,387,546	\$ 47.13	\$ 35,348,548	\$ 2.783937	\$ 2,087,953	\$ 1.320478	\$ 990,359	\$ 4.10	\$ 2,977,435	0.669	\$ 0.607640
Total				766,871,099		\$ 37,500,000		\$ 17,822,000		\$ 55,322,000		\$ 3,267,736		\$ 1,549,954		\$ 4,659,813	2.006	\$ 0.607640

Footnotes:

[a] Buildout Values and Assessments are calculated based on data provided by the Developer. As property develops, if the property use(s) change(s) from the proposed use, a prepayment of an Assessment may be required upon completion of a true up during each Annual Update.

[b] Lot Type 3 Units equivalent to number of keys.

[c] Estimated Buildout Value for Lot Types 2, 3, 4, and 5 are per Developer on September 19, 2024 and Lot Type 1 is based on Appraisal dated July 24, 2024.

[d] The Assessments will be levied as Initial Major Improvement Assessments and Additional Major Improvement Assessments. The Additional Major Improvement Assessments Trigger Date, as defined in the Service and Assessment Plan, determines the Annual Installment Due Date.

[e] Values per Appraisal dated July 24, 2024. VTL is calculated on Initial Major Improvement Assessment only.

[f] Lot Type 5 - Multi-Family includes corridor retail.

[g] The Total PID TRE is less than the sum of the Total Maximum Annual Installment because the Maximum Annual Installment doesn't occur in the same year for the Initial Major Improvements as the Additional Major Improvements.

[h] TRE excludes any amounts shown as Additional Interest on any Annual Installment schedule herein as Additional Interest is not expected to be collected unless the balance of the Delinquency and Prepayment Reserve Account falls below 2.5% of the outstanding bond par.

EXHIBIT F – TIRZ MAXIMUM ANNUAL CREDIT AMOUNT

Initial Major Improvements Assessment													
Land Use and Initial Major Improvements Assessment							Pre-TIRZ Annual Installment		TIRZ Credit		Post-TIRZ Annual Installment		
Lot Type	Units/Sq. Ft. ^[a]	Total Improved Land Value	AV Per Unit/Square Foot	Total AV	Initial Major Improvements Assessment	Initial Major Improvements Assessment Per Unit	Initial Major Improvements Annual Installment		TIRZ No. 1 Maximum Annual Credit Amount Per Unit	Total Annual TIRZ No. 1 Credit	Initial Major Improvements Annual Installment		
							Per Unit/SqFt	Total			Per Unit/SqFt	Total	
Initial Major Improvements ^[b]													
Lot Type 1	76,408	\$ 6,830,000	\$ 578	\$ 44,140,000	\$ 2,158,446	\$ 28.2490	\$ 2.460	\$ 188,086.200	\$ (2.079)	\$ (158,868.865)	\$ 0.38	\$ 29,217.34	
Lot Type 2	268,800	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 6,314,248	\$ 23.4905	\$ 2.050	\$ 550,221.225	\$ (1.729)	\$ (464,749.786)	\$ 0.32	\$ 85,471.44	
Lot Type 3	115	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 1,222,500	\$ 10,630.4357	\$ 926.330	\$ 106,528.206	\$ (782.436)	\$ (89,980.100)	\$ 143.89	\$ 16,548.11	
Lot Type 4	194,050	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 3,843,804	\$ 19.8083	\$ 1.730	\$ 334,947.625	\$ (1.458)	\$ (282,916.816)	\$ 0.27	\$ 52,030.81	
Lot Type 5	750,000	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 23,961,002	\$ 31.9480	\$ 7.770	\$ 2,087,952.833	\$ (2.351)	\$ (1,763,609.960)	\$ 5.42	\$ 324,342.87	
Total		\$ 37,920,000		\$ 766,871,099	\$ 37,500,000		\$ 3,267,736.09		\$ (2,760,125.53)		\$ 507,610.56		

Additional Major Improvements Assessment													
Land Use and Additional Major Improvements Assessment							Pre-TIRZ Annual Installment		TIRZ Credit ^[d]		Post-TIRZ Annual Installment		
Lot Type	Units/Sq. Ft. ^[a]	Total Improved Land Value	AV Per Unit/Square Foot	Total AV	Additional Major Improvements Assessment	Additional Major Improvements Assessment Per Unit	Additional Major Improvements Annual Installment		TIRZ No. 1 Maximum Annual Credit Amount Per Unit	Total Annual TIRZ No. 1 Credit	Additional Major Improvements Annual Installment		
							Per Unit/SqFt	Total			Per Unit/SqFt	Total	
Additional Major Improvements ^[c]													
Lot Type 1	76,408	\$ 6,830,000	\$ 578	\$ 44,140,000	\$ 1,025,809	\$ 13.4300	\$ 1.1676	\$ 89,213	\$ -	\$ -	\$ 1.17	\$ 89,213.13	
Lot Type 2	268,800	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 3,000,867	\$ 11.1600	\$ 0.9709	\$ 260,981	\$ -	\$ -	\$ 0.97	\$ 260,981.17	
Lot Type 3	115	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 580,997	\$ 5,052.1500	\$ 439.3783	\$ 50,529	\$ -	\$ -	\$ 439.38	\$ 50,528.50	
Lot Type 4	194,050	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 1,826,781	\$ 9.4100	\$ 0.8187	\$ 158,873	\$ -	\$ -	\$ 0.82	\$ 158,872.50	
Lot Type 5	750,000	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 11,387,546	\$ 15.1800	\$ 1.3205	\$ 990,359	\$ -	\$ -	\$ 1.32	\$ 990,358.69	
		\$ 37,920,000		\$ 766,871,099	\$ 17,822,000		\$ 1,549,954.00		\$ -		\$ 1,549,954.00		

Footnotes:

[a] Lot Type 3 Units equivalent to number of keys.

[b] The TIRZ No. 1 Annual Credit for the Initial Major Improvements is calculated on the Initial Major Improvements Annual Installment.

[c] The TIRZ No. 1 Annual Credit for the Additional Major Improvements is calculated on the Additional Major Improvements Annual Installment.

EXHIBIT G-1 – INITIAL MAJOR IMPROVEMENT ASSESSMENT ROLL

City of Friendswood - City Center PID Initial Major Improvement Assessment Roll ^[e]											
Property ID	Address	Lot Type	Acres	Initial Major Improvement Outstanding Assessment ^[a]	(1) Principal ^[f]	(2) Interest ^[b]	(3) Capitalized Interest	(4) Additional Interest ^[c]	(5) Annual Collection Costs ^[d]	(5) Initial Major Improvements Annual Installment Due 1/31/2025 ^[a]	(5) Initial Major Improvements Annual Installment Due 1/31/2025 ^[a]
1413970000003	FM 528 RD	Non Benefited	7.6699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1413970000001	3680 FM 528 RD	Non Benefited	3.0199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0432150000130	3801 E FM 528 RD	Initial Parcel	95.7822	\$ 37,500,000.04	\$ -	\$ 2,092,708.00	\$ (2,092,708.00)	\$ 187,500.00	\$ -	\$ -	\$ -
Total			106.4720	\$ 37,500,000.04	\$ -	\$ 2,092,708.00	\$ (2,092,708.00)	\$ 187,500.00	\$ -	\$ -	\$ -

Footnotes:

[a] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[b] Interest is calculated at the rate of the Initial Major Improvement Bonds. Principal on the Initial Major Assessment Bonds is paid by Capitalized Interest for the installment due 1/31/2025. Interest for each year of the life of the Initial Major Improvement Assessment is depicted in **Exhibit G-3**.

[c] Additional Interest included; however Additional Interest shall be collected if the Delinquency and Prepayment Reserve Fund falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] Annual Collection Costs will be assessed each year based on actual costs to administer the District.

[e] The Initial Major Improvement Assessment Roll depicted here shows the Initial Major Improvement Assessment due 1/31/2025. The levy of the Initial Major Improvement Assessment is for a period of 30 years beginning in 2025 through 2054 in the total principal amount of \$37,500,000.00 plus interest on the Initial Major Improvement Bonds, Additional Interest and Annual Collection Costs. **Exhibit G-3** identifies the levy of the Initial Major Improvement Assessments over this period with interest on the Initial Major Improvement Bonds, Annual Collection Costs and Additional Interest. **Exhibit G-3** Initial Major Improvement Annual Installments is hereby incorporated into this **Exhibit G-1**.

[f] There is no principal payment of Assessment due 1/31/2025. Principal due each year for the life of the Initial Major Improvement Assessment is depicted in **Exhibit G-3**.

EXHIBIT G-2 – ADDITIONAL MAJOR IMPROVEMENT ASSESSMENT ROLL

Property ID	Address	Lot Type	Acres	Additional Major Improvement Outstanding Assessment ^[a]	Principal	Interest ^[c]	Capitalized Interest	Additional Interest ^[d]	Annual Collection Costs ^[d]	Additional Major Improvements Annual Installment Due 1/31/2025 ^{[a],[b]}
1413970000003	FM 528 RD	Non Benefited	7.6699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1413970000001	3680 FM 528 RD	Non Benefited	3.0199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0432150000130	3801 E FM 528 RD	Initial Parcel	95.7822	\$ 17,822,000.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total			106.4720	\$ 17,822,000.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Footnotes:

[a] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[b] The Additional Major Improvement Assessments Trigger Date defined in the Service and Assessment Plan determines the Annual Installment Due Date for the Additional Major Improvement Assessments.

[c] Interest will accrue on the Additional Major Improvement Assessment at a rate of 7.00% prior to the issuance of Additional Major Improvement Bonds. Upon on the issuance of Additional Major Improvement Bonds, the interest rate will adjust to the rate on such PID Bonds plus Additional Interest.

[d] Annual Collection Costs will be assessed each year based on actual costs to administer the District.

EXHIBIT G-3 – ANNUAL INSTALLMENTS

	Initial Major Improvement Bonds							Additional Major Improvement Reimbursement Obligation ^(e)							
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(e)	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due	
2025	\$ -	\$ 2,092,708	\$ (2,092,708)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,110	\$ -	\$ -	
2026	\$ -	\$ 2,625,000	\$ (2,625,000)	\$ 45,900	\$ 187,500	\$ -	\$ 45,900	\$ -	\$ -	\$ 35,700	\$ -	\$ 89,110	\$ 35,700	\$ 81,600	
2027	\$ 438,000	\$ 2,625,000	\$ -	\$ 46,818	\$ 187,500	\$ -	\$ 3,109,818	\$ 266,000	\$ 1,247,540	\$ 36,414	\$ -	\$ 89,110	\$ 1,549,954	\$ 4,659,772	
2028	\$ 469,000	\$ 2,594,340	\$ -	\$ 47,754	\$ 185,310	\$ -	\$ 3,111,094	\$ 282,000	\$ 1,228,920	\$ 37,142	\$ -	\$ 87,780	\$ 1,548,062	\$ 4,659,157	
2029	\$ 504,000	\$ 2,561,510	\$ -	\$ 48,709	\$ 182,965	\$ -	\$ 3,114,219	\$ 298,000	\$ 1,209,180	\$ 37,885	\$ -	\$ 86,370	\$ 1,545,065	\$ 4,659,285	
2030	\$ 540,000	\$ 2,526,230	\$ -	\$ 49,684	\$ 180,445	\$ -	\$ 3,115,914	\$ 316,000	\$ 1,188,320	\$ 38,643	\$ -	\$ 84,880	\$ 1,542,963	\$ 4,658,876	
2031	\$ 580,000	\$ 2,488,430	\$ -	\$ 50,677	\$ 177,745	\$ -	\$ 3,119,107	\$ 335,000	\$ 1,166,200	\$ 39,416	\$ -	\$ 83,300	\$ 1,540,616	\$ 4,659,723	
2032	\$ 622,000	\$ 2,447,830	\$ -	\$ 51,691	\$ 174,845	\$ -	\$ 3,121,521	\$ 355,000	\$ 1,142,750	\$ 40,204	\$ -	\$ 81,625	\$ 1,537,954	\$ 4,659,475	
2033	\$ 668,000	\$ 2,404,290	\$ -	\$ 52,725	\$ 171,735	\$ -	\$ 3,125,015	\$ 375,000	\$ 1,117,900	\$ 41,008	\$ -	\$ 79,850	\$ 1,533,908	\$ 4,658,923	
2034	\$ 717,000	\$ 2,357,530	\$ -	\$ 53,779	\$ 168,395	\$ -	\$ 3,128,309	\$ 398,000	\$ 1,091,650	\$ 41,828	\$ -	\$ 77,975	\$ 1,531,478	\$ 4,659,787	
2035	\$ 770,000	\$ 2,307,340	\$ -	\$ 54,855	\$ 164,810	\$ -	\$ 3,132,195	\$ 421,000	\$ 1,063,790	\$ 42,665	\$ -	\$ 75,985	\$ 1,527,455	\$ 4,659,650	
2036	\$ 827,000	\$ 2,253,440	\$ -	\$ 55,952	\$ 160,960	\$ -	\$ 3,136,392	\$ 445,000	\$ 1,034,320	\$ 43,518	\$ -	\$ 73,880	\$ 1,522,838	\$ 4,659,230	
2037	\$ 887,000	\$ 2,195,550	\$ -	\$ 57,071	\$ 156,825	\$ -	\$ 3,139,621	\$ 472,000	\$ 1,003,170	\$ 44,388	\$ -	\$ 71,655	\$ 1,519,558	\$ 4,659,179	
2038	\$ 953,000	\$ 2,133,460	\$ -	\$ 58,212	\$ 152,390	\$ -	\$ 3,144,672	\$ 499,000	\$ 970,130	\$ 45,276	\$ -	\$ 69,295	\$ 1,514,406	\$ 4,659,079	
2039	\$ 1,023,000	\$ 2,066,750	\$ -	\$ 59,377	\$ 147,625	\$ -	\$ 3,149,127	\$ 529,000	\$ 935,200	\$ 46,182	\$ -	\$ 66,800	\$ 1,510,382	\$ 4,659,508	
2040	\$ 1,099,000	\$ 1,995,140	\$ -	\$ 60,564	\$ 142,510	\$ -	\$ 3,154,704	\$ 559,000	\$ 898,170	\$ 47,105	\$ -	\$ 64,155	\$ 1,504,275	\$ 4,658,979	
2041	\$ 1,180,000	\$ 1,918,210	\$ -	\$ 61,775	\$ 137,015	\$ -	\$ 3,159,985	\$ 592,000	\$ 859,040	\$ 48,047	\$ -	\$ 61,360	\$ 1,499,087	\$ 4,659,073	
2042	\$ 1,267,000	\$ 1,835,610	\$ -	\$ 63,011	\$ 131,115	\$ -	\$ 3,165,621	\$ 627,000	\$ 817,600	\$ 49,008	\$ -	\$ 58,400	\$ 1,493,608	\$ 4,659,229	
2043	\$ 1,361,000	\$ 1,746,920	\$ -	\$ 64,271	\$ 124,780	\$ -	\$ 3,172,191	\$ 663,000	\$ 773,710	\$ 49,989	\$ -	\$ 55,265	\$ 1,486,699	\$ 4,658,890	
2044	\$ 1,462,000	\$ 1,651,650	\$ -	\$ 65,557	\$ 117,975	\$ -	\$ 3,179,207	\$ 702,000	\$ 727,300	\$ 50,988	\$ -	\$ 51,950	\$ 1,480,288	\$ 4,659,495	
2045	\$ 1,570,000	\$ 1,549,310	\$ -	\$ 66,868	\$ 110,665	\$ -	\$ 3,186,178	\$ 743,000	\$ 678,160	\$ 52,008	\$ -	\$ 48,440	\$ 1,473,168	\$ 4,659,346	
2046	\$ 1,686,000	\$ 1,439,410	\$ -	\$ 68,205	\$ 102,815	\$ -	\$ 3,193,615	\$ 787,000	\$ 626,150	\$ 53,048	\$ -	\$ 44,725	\$ 1,466,198	\$ 4,659,813	
2047	\$ 1,812,000	\$ 1,321,390	\$ -	\$ 69,569	\$ 94,385	\$ -	\$ 3,202,959	\$ 831,000	\$ 571,060	\$ 54,109	\$ -	\$ 40,790	\$ 1,456,169	\$ 4,659,128	
2048	\$ 1,946,000	\$ 1,194,550	\$ -	\$ 70,960	\$ 85,325	\$ -	\$ 3,211,510	\$ 880,000	\$ 512,890	\$ 55,191	\$ -	\$ 36,635	\$ 1,448,081	\$ 4,659,592	
2049	\$ 2,091,000	\$ 1,058,330	\$ -	\$ 72,380	\$ 75,595	\$ -	\$ 3,221,710	\$ 930,000	\$ 451,290	\$ 56,295	\$ -	\$ 32,235	\$ 1,437,585	\$ 4,659,295	
2050	\$ 2,246,000	\$ 911,960	\$ -	\$ 73,827	\$ 65,140	\$ -	\$ 3,231,787	\$ 984,000	\$ 386,190	\$ 57,421	\$ -	\$ 27,585	\$ 1,427,611	\$ 4,659,398	
2051	\$ 2,413,000	\$ 754,740	\$ -	\$ 75,304	\$ 53,910	\$ -	\$ 3,243,044	\$ 1,040,000	\$ 317,310	\$ 58,570	\$ -	\$ 22,665	\$ 1,415,880	\$ 4,658,923	
2052	\$ 2,592,000	\$ 585,830	\$ -	\$ 76,810	\$ 41,845	\$ -	\$ 3,254,640	\$ 1,100,000	\$ 244,510	\$ 59,741	\$ -	\$ 17,465	\$ 1,404,251	\$ 4,658,891	
2053	\$ 2,785,000	\$ 404,390	\$ -	\$ 78,346	\$ 28,885	\$ -	\$ 3,267,736	\$ 1,163,000	\$ 167,510	\$ 60,936	\$ -	\$ 11,965	\$ 1,391,446	\$ 4,659,182	
2054	\$ 2,992,000	\$ 209,440	\$ -	\$ 79,913	\$ 14,960	\$ (3,201,440)	\$ 79,913	\$ 1,230,000	\$ 86,100	\$ 62,155	\$ (1,513,540)	\$ 6,150	\$ (135,285)	\$ (55,372)	
Total	\$ 37,500,000	\$ 54,256,288	\$ (4,717,708)	\$ 1,780,564	\$ 3,725,970	\$ (3,201,440)	\$ 85,617,704	\$ 17,822,000	\$ 22,516,060	\$ 1,384,883	\$ (1,513,540)	\$ 1,786,510	\$ 40,209,403	\$ 125,827,106	

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

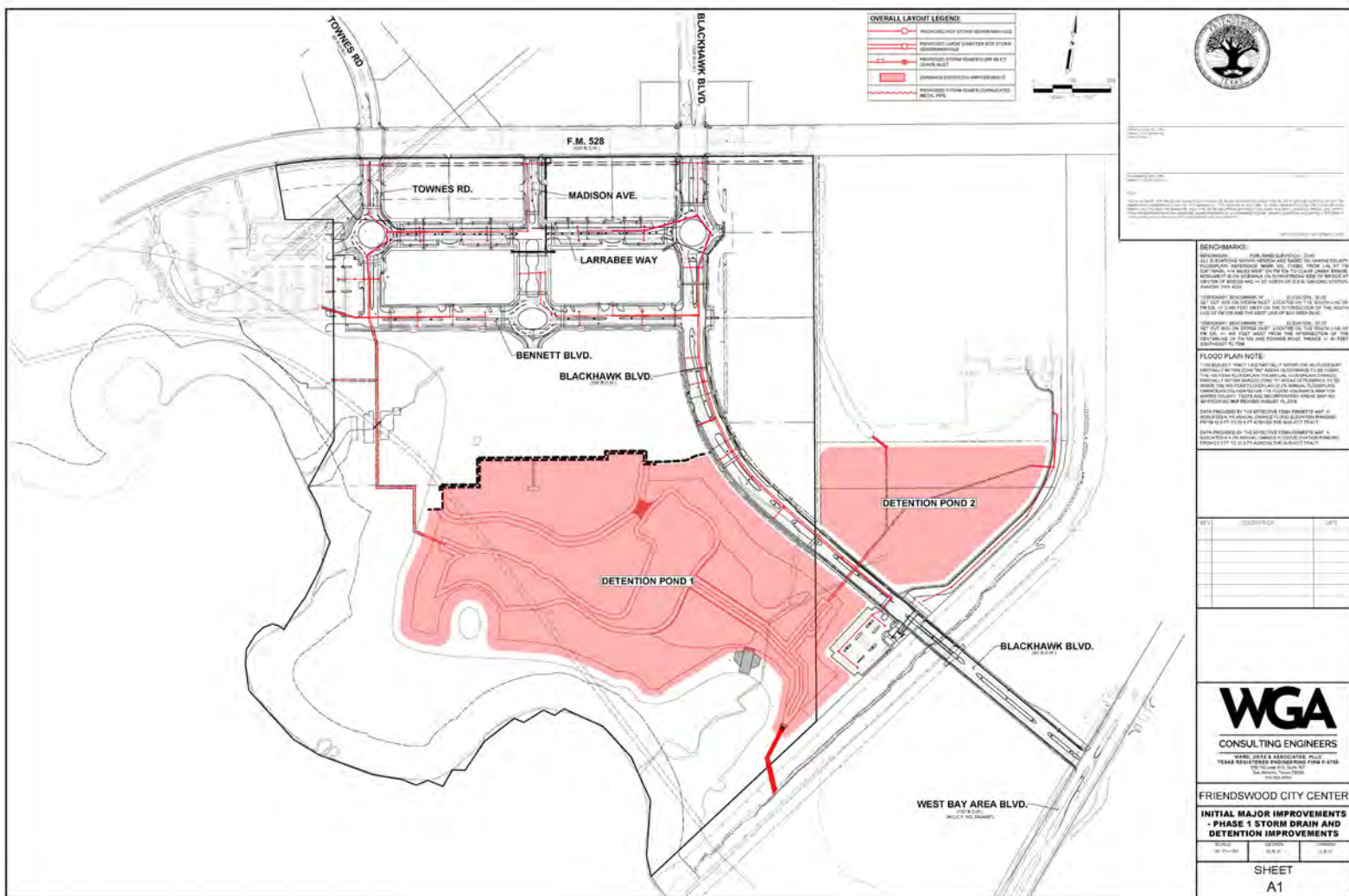
[d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

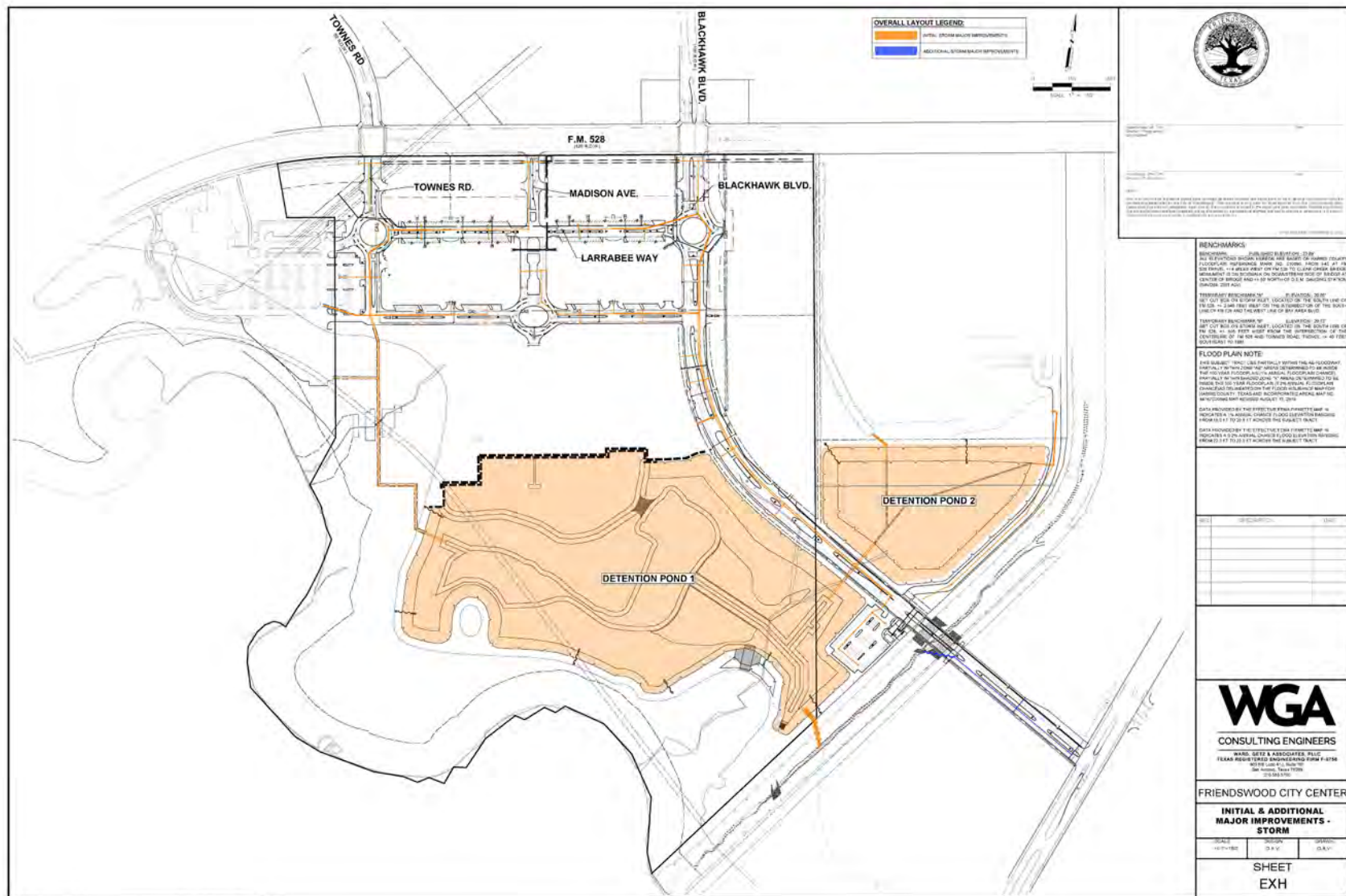
[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

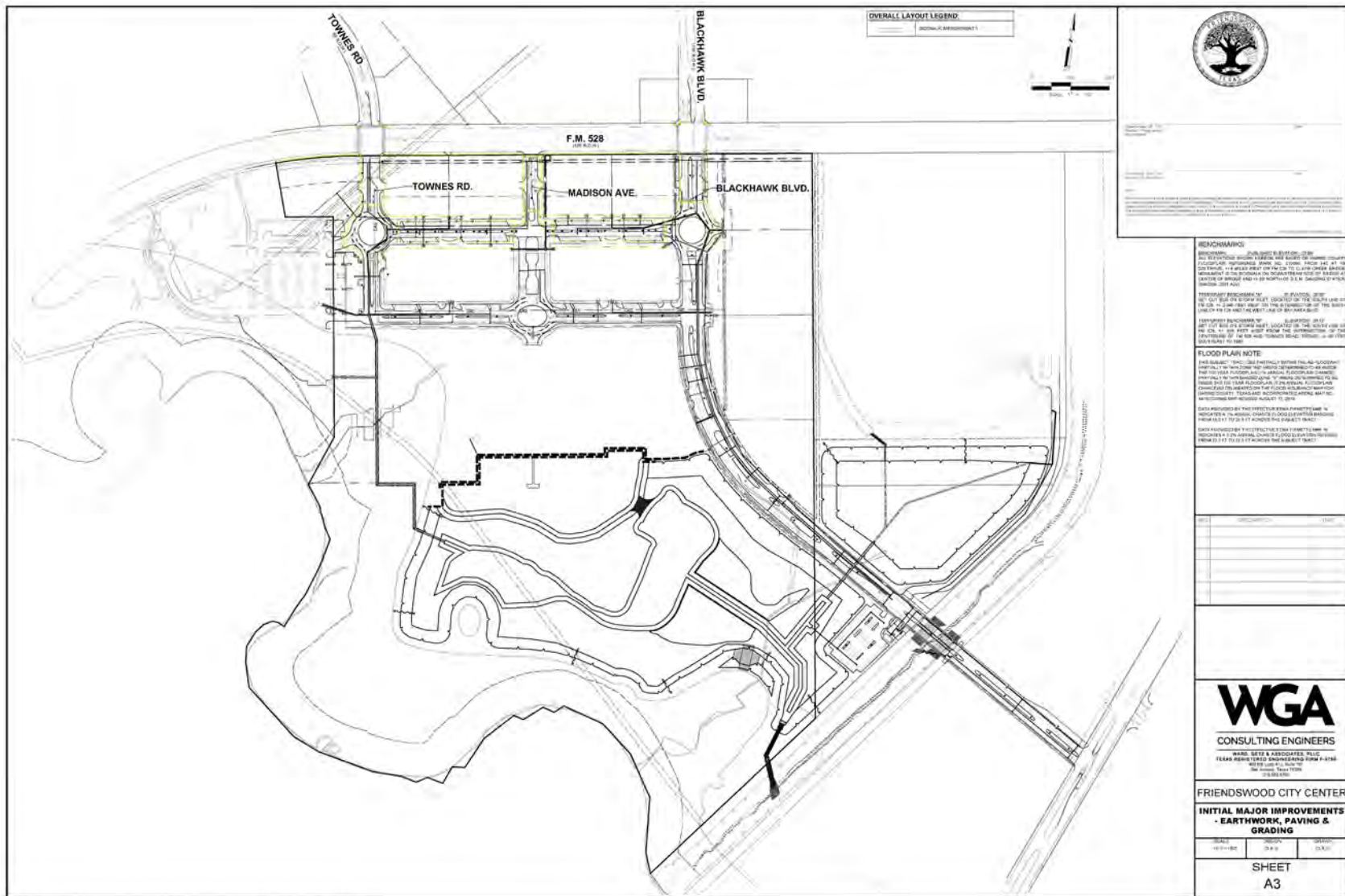
[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

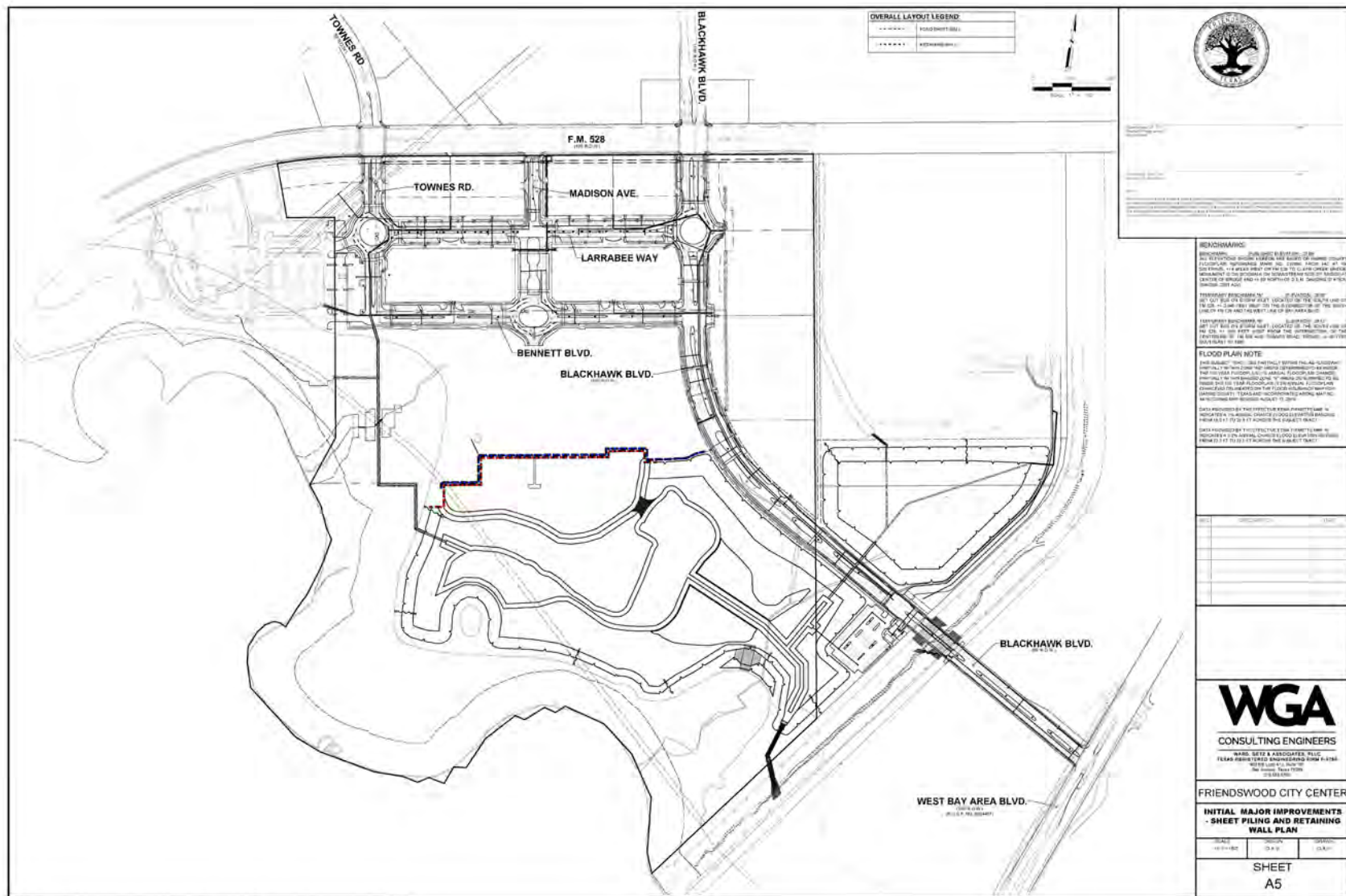
[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

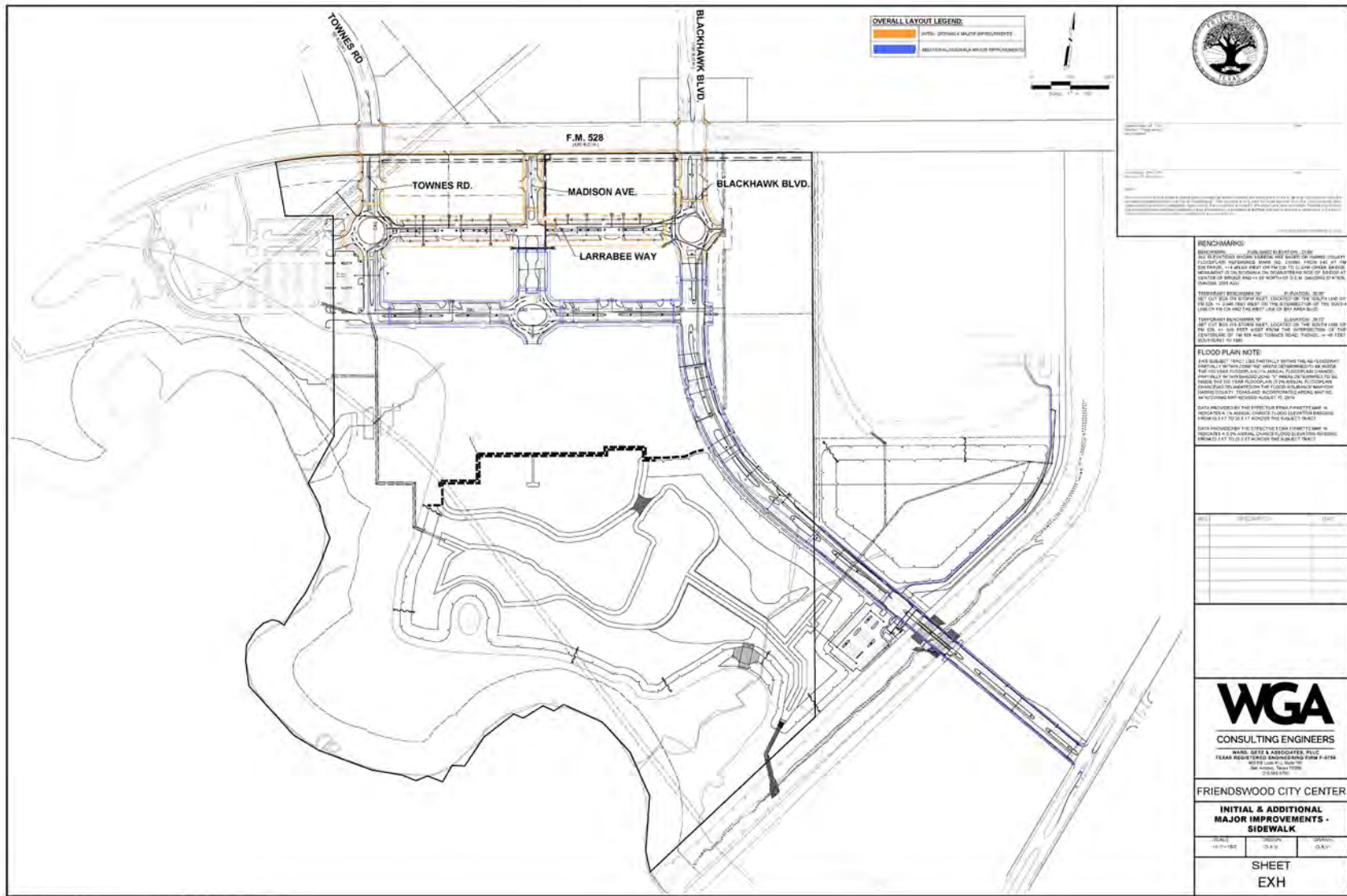
EXHIBIT H – MAPS OF INITIAL MAJOR IMPROVEMENTS AND ADDITIONAL MAJOR IMPROVEMENTS

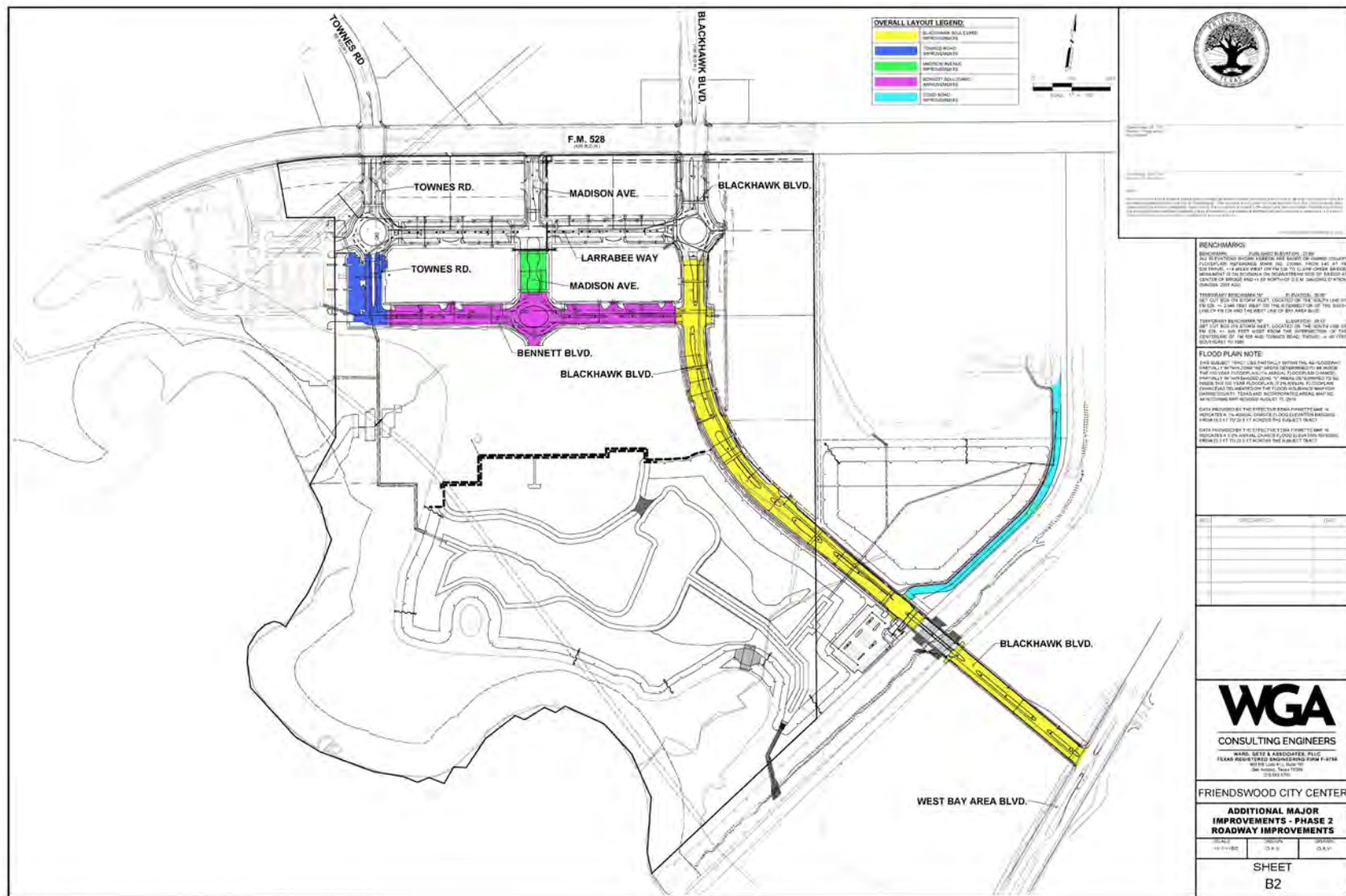


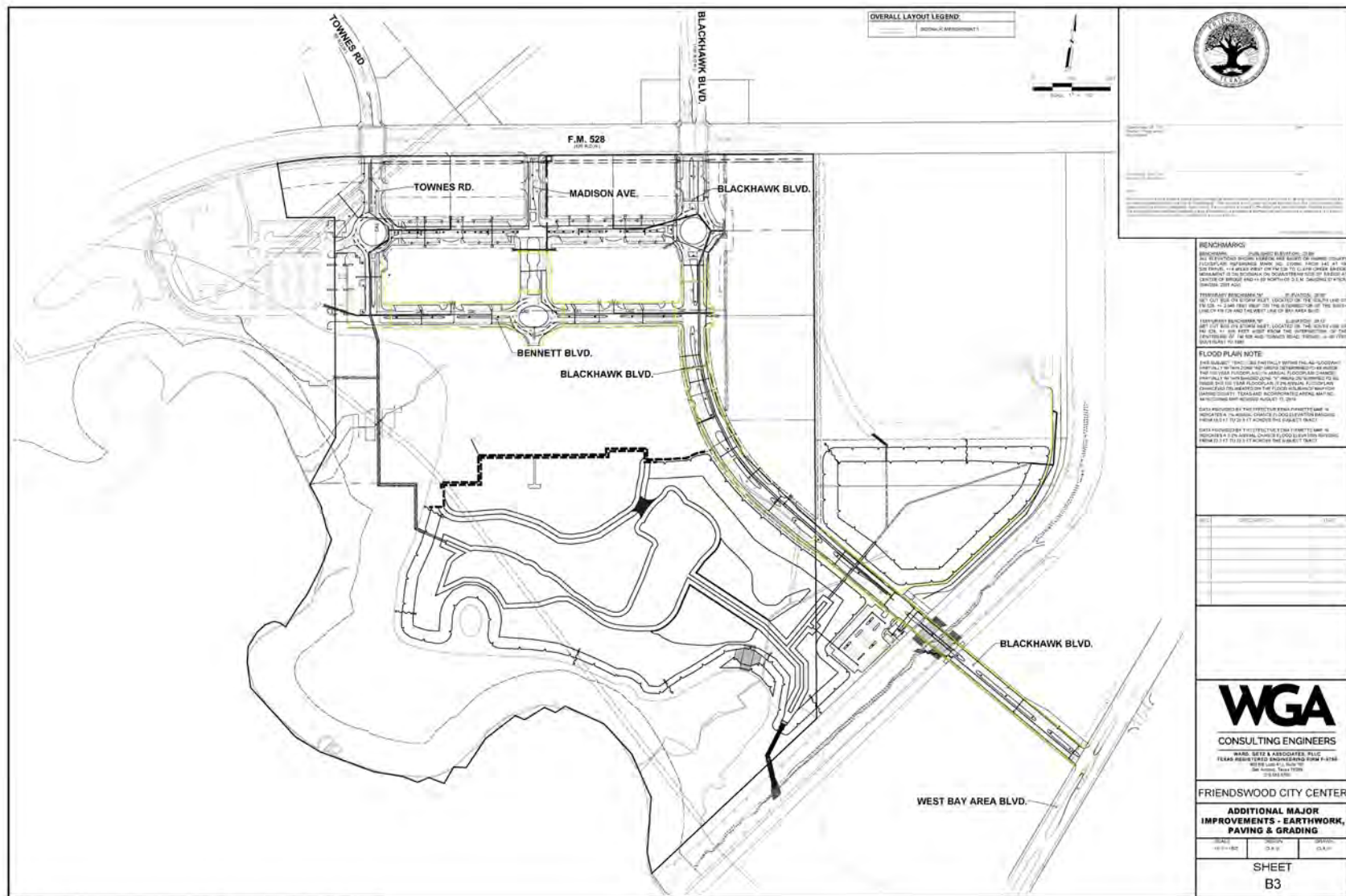


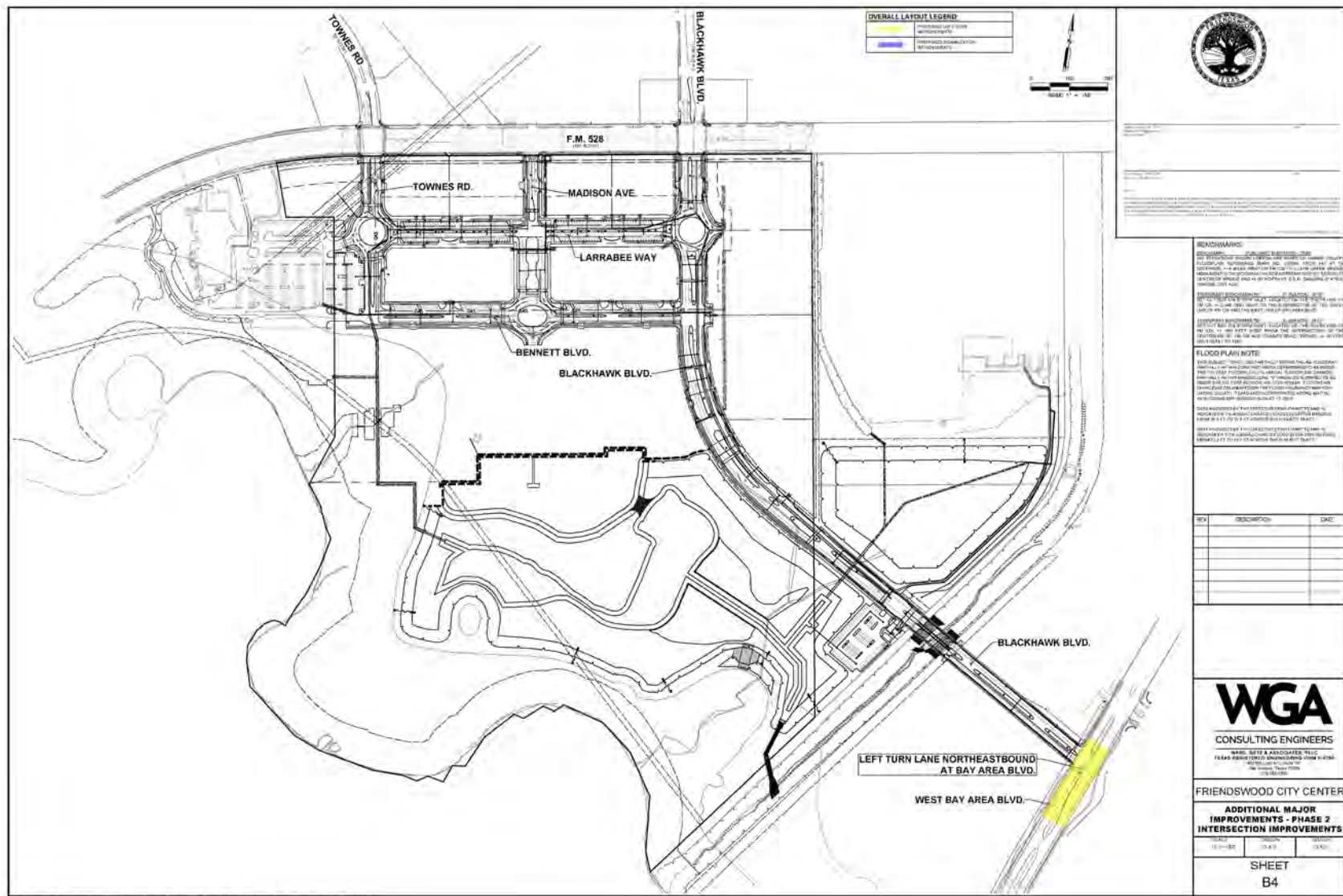


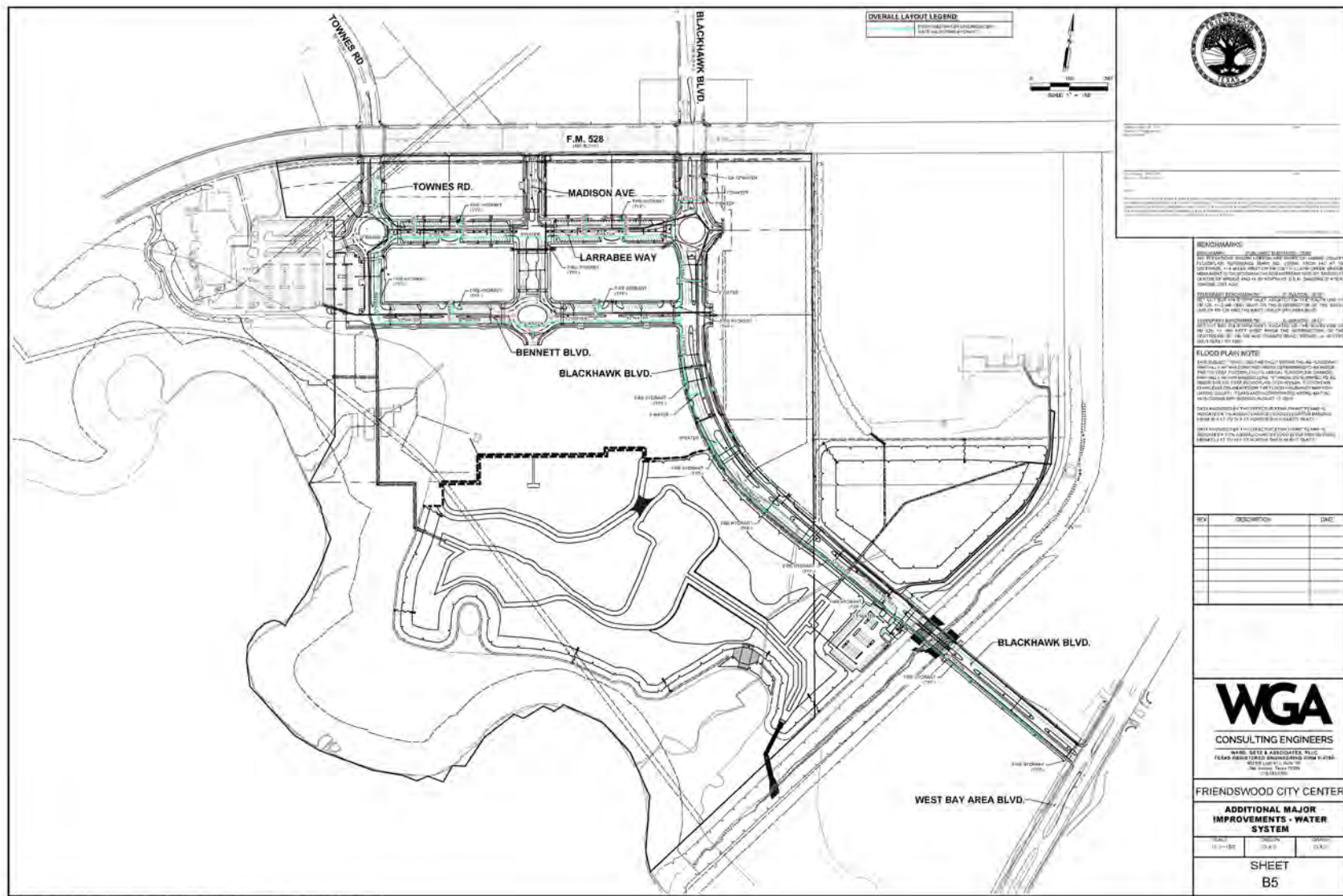


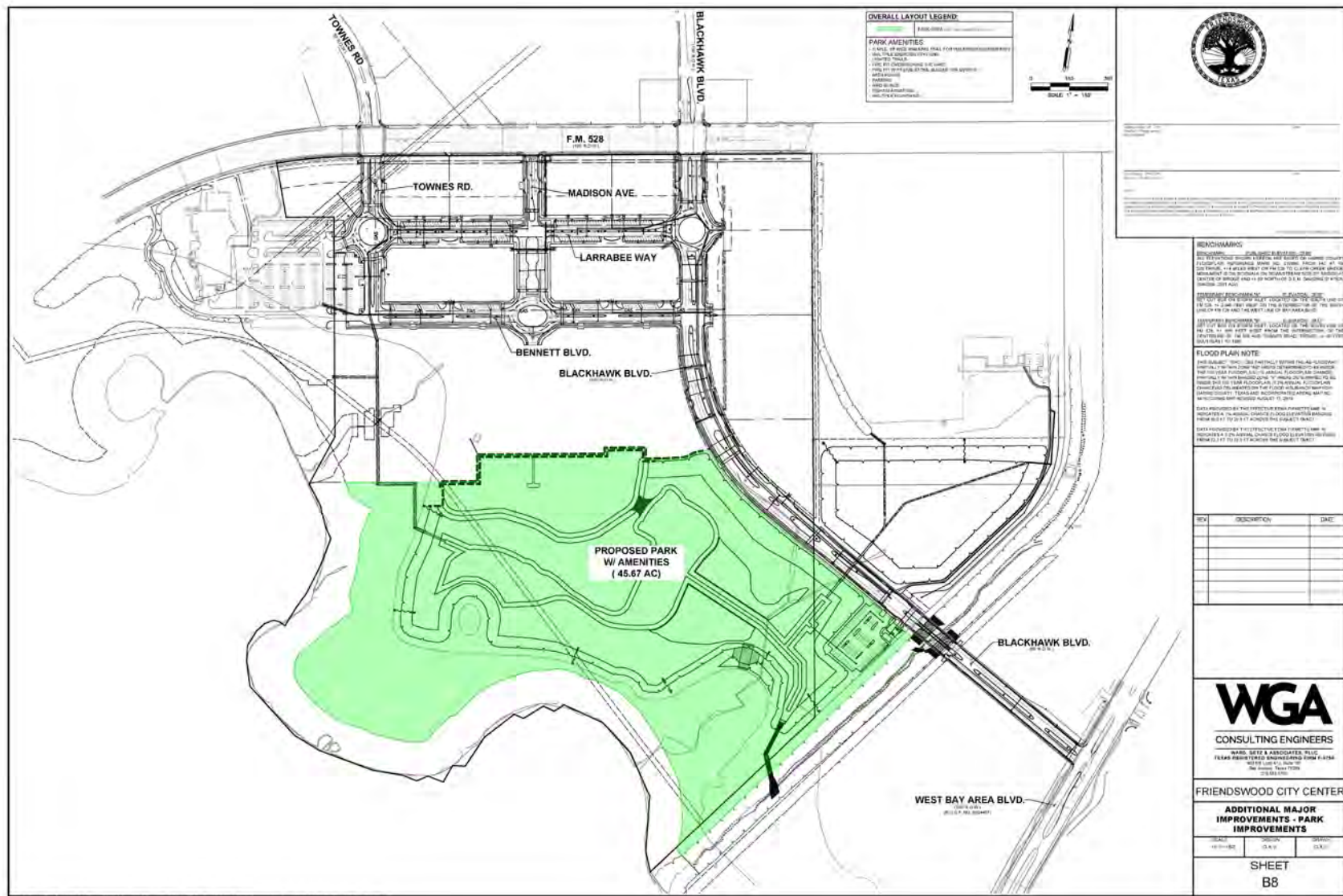


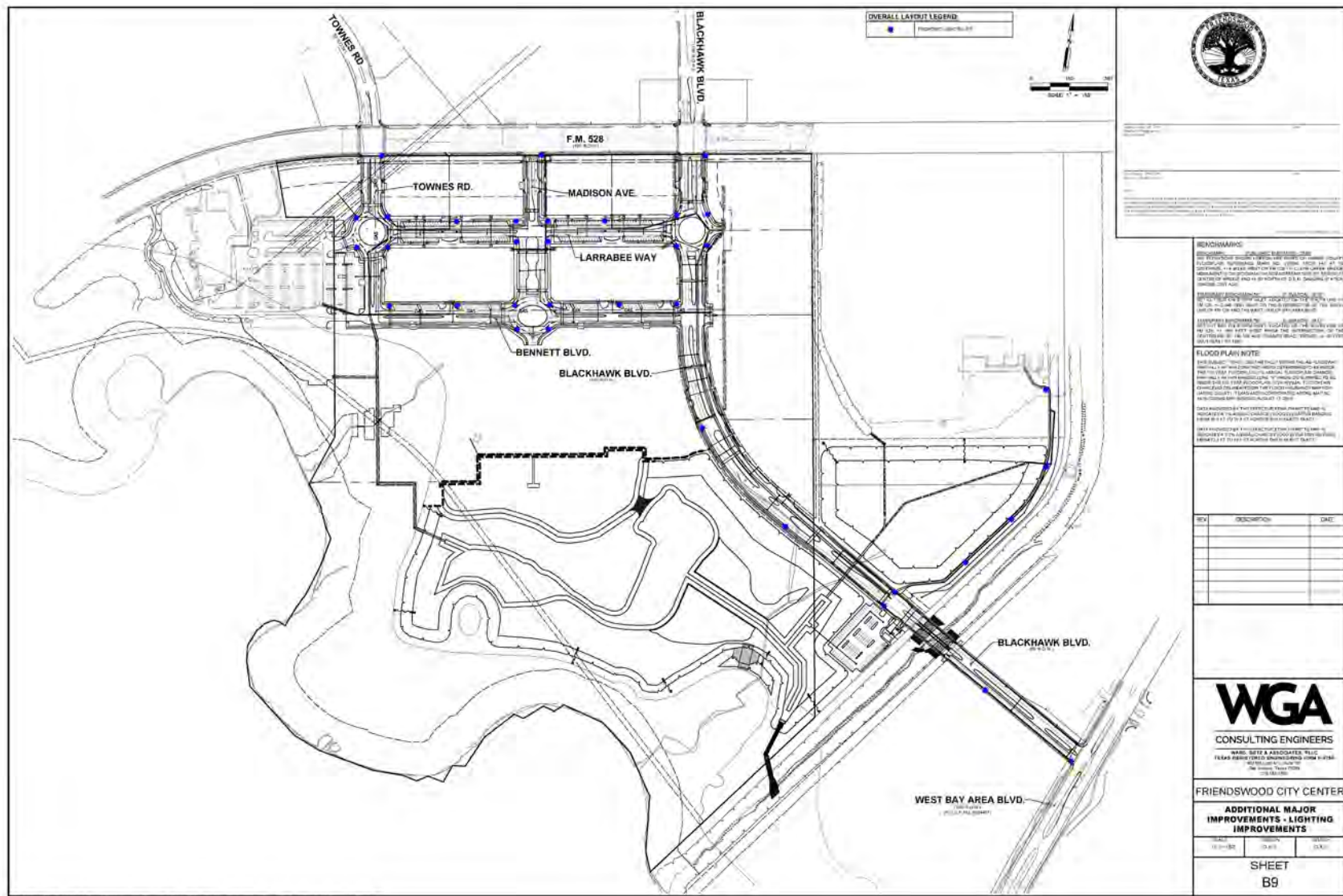












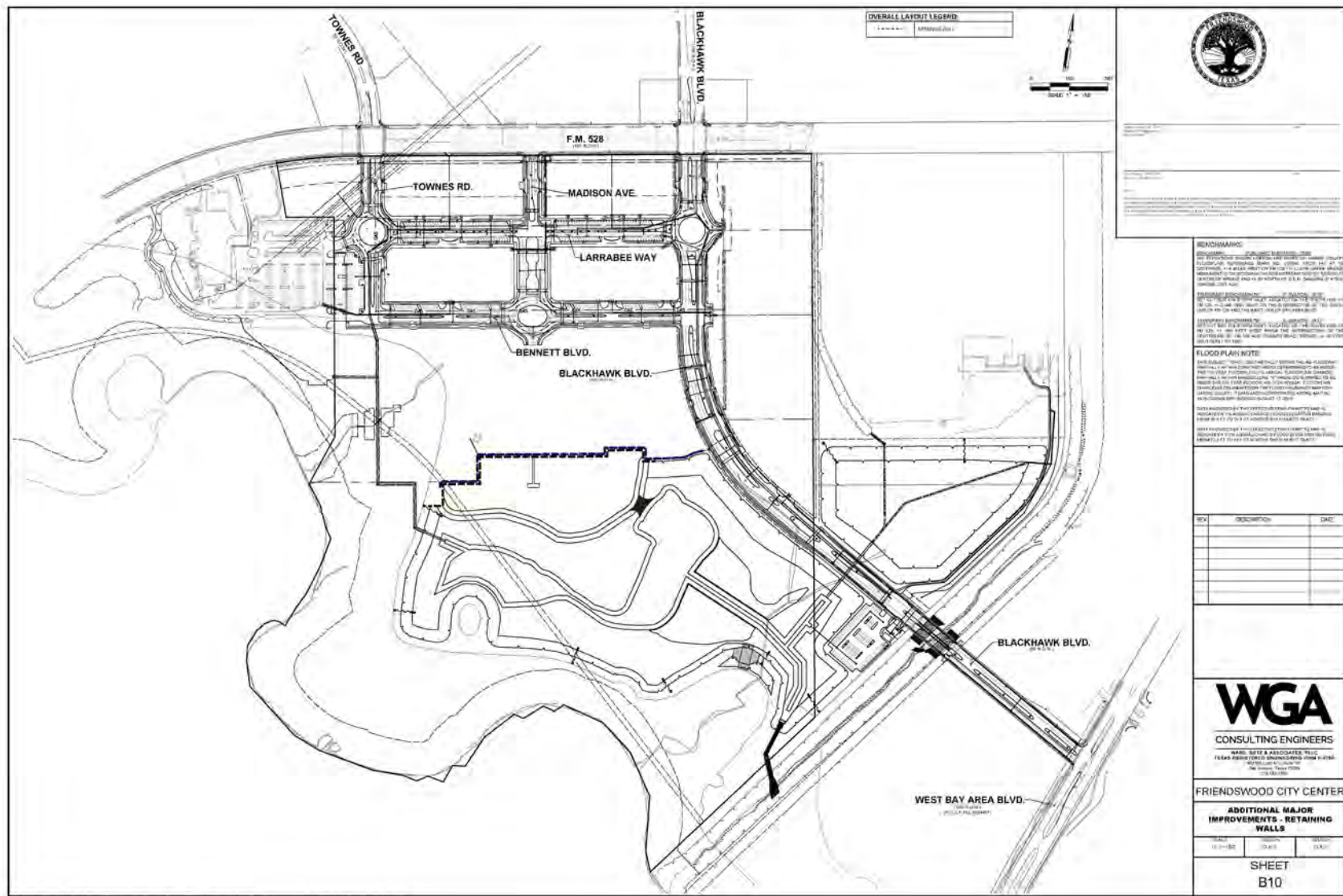


EXHIBIT I – FORM OF NOTICE OF PID ASSESSMENT TERMINATION



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

[Date]
Harris County Clerk's Office
Honorable _____
201 Caroline
Suite 310
Houston, TX 77002

Re: City of Friendswood Lien Release documents for filing

Dear Ms./Mr. _____,

Enclosed is a lien release that the City of Friendswood is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: _____ [Plat]. Please forward copies of the filed documents to my attention:

City of Friendswood
Attn: [City Secretary]
910 S. Friendswood Drive
Friendswood, TX 77546

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
(817) 393-0353
Admin@P3-Works.com
www.P3-Works.com

[City Secretary Name]
[City Secretary Address]

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

RECITALS

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") for the following property: [legal description], a subdivision in Harris County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Harris County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Harris County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said Lien held by the undersigned securing said indebtedness.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20__.

CITY OF FRIENDSWOOD, TEXAS,
A Texas home rule municipality,

By: _____
[Manager Name], City Manager

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the ____ day of _____, 20__, by [City Manager], for the City of Friendswood, Texas, a Texas home rule municipality, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT J – DEBT SERVICE SCHEDULE FOR INITIAL MAJOR IMPROVEMENT BONDS

Preliminary, Subject to Change
For Discussion and Illustrative Purposes Only

City of Friendswood, Texas
Special Assessment Revenue Bonds, Series 2024
(City Center Public Improvement District Initial Major Improvement Area Project)
70% City TRIZ Contribution

Estimated Net Debt Service / Requirements - Initial Major Improvement Area ¹

Maturity	Maximum Annual Installments	Principal	Interest Rate ²	Interest	Debt Service	Capitalized Interest ³	Debt Service Reserve Fund ⁴	Net Debt Service ⁵	Additional Interest ⁶	PID Admin Fee ⁷	Net Initial MIA Annual Requirements ⁸
9/1/2024	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$
9/1/2025	4,659,929	-	7.000%	2,092,708	2,092,708	2,092,708	-	-	-	-	-
9/1/2026	4,659,929	-	7.000%	2,625,000	2,625,000	2,625,000	-	-	-	45,900	45,900
9/1/2027	4,659,929	438,000	7.000%	2,625,000	3,063,000	-	-	3,063,000	-	46,818	3,109,818
9/1/2028	4,659,929	469,000	7.000%	2,594,340	3,063,340	-	-	3,063,340	-	47,754	3,111,094
9/1/2029	4,659,929	504,000	7.000%	2,561,510	3,065,510	-	-	3,065,510	-	48,709	3,114,219
9/1/2030	4,659,929	540,000	7.000%	2,526,230	3,066,230	-	-	3,066,230	-	49,684	3,115,914
9/1/2031	4,659,929	580,000	7.000%	2,488,430	3,068,430	-	-	3,068,430	-	50,677	3,119,107
9/1/2032	4,659,929	622,000	7.000%	2,447,830	3,069,830	-	-	3,069,830	-	51,691	3,121,521
9/1/2033	4,659,929	668,000	7.000%	2,404,290	3,072,290	-	-	3,072,290	-	52,725	3,125,015
9/1/2034	4,659,929	717,000	7.000%	2,357,530	3,074,530	-	-	3,074,530	-	53,779	3,128,309
9/1/2035	4,659,929	770,000	7.000%	2,307,340	3,077,340	-	-	3,077,340	-	54,855	3,132,195
9/1/2036	4,659,929	827,000	7.000%	2,253,440	3,080,440	-	-	3,080,440	-	55,952	3,136,392
9/1/2037	4,659,929	887,000	7.000%	2,195,550	3,082,550	-	-	3,082,550	-	57,071	3,139,621
9/1/2038	4,659,929	953,000	7.000%	2,133,460	3,086,460	-	-	3,086,460	-	58,212	3,144,672
9/1/2039	4,659,929	1,023,000	7.000%	2,066,750	3,089,750	-	-	3,089,750	-	59,377	3,149,127
9/1/2040	4,659,929	1,099,000	7.000%	1,995,140	3,094,140	-	-	3,094,140	-	60,564	3,154,704
9/1/2041	4,659,929	1,180,000	7.000%	1,918,210	3,098,210	-	-	3,098,210	-	61,775	3,159,985
9/1/2042	4,659,929	1,267,000	7.000%	1,835,610	3,102,610	-	-	3,102,610	-	63,011	3,165,621
9/1/2043	4,659,929	1,361,000	7.000%	1,746,920	3,107,920	-	-	3,107,920	-	64,271	3,172,191
9/1/2044	4,659,929	1,462,000	7.000%	1,651,650	3,113,650	-	-	3,113,650	-	65,557	3,179,207
9/1/2045	4,659,929	1,570,000	7.000%	1,549,310	3,119,310	-	-	3,119,310	-	66,868	3,186,178
9/1/2046	4,659,929	1,686,000	7.000%	1,439,410	3,125,410	-	-	3,125,410	-	68,205	3,193,615
9/1/2047	4,659,929	1,812,000	7.000%	1,321,390	3,133,390	-	-	3,133,390	-	69,569	3,202,959
9/1/2048	4,659,929	1,946,000	7.000%	1,194,550	3,140,550	-	-	3,140,550	-	70,960	3,211,510
9/1/2049	4,659,929	2,091,000	7.000%	1,058,330	3,149,330	-	-	3,149,330	-	72,380	3,221,710
9/1/2050	4,659,929	2,246,000	7.000%	911,960	3,157,960	-	-	3,157,960	-	73,827	3,231,787
9/1/2051	4,659,929	2,413,000	7.000%	754,740	3,167,740	-	-	3,167,740	-	75,304	3,243,044
9/1/2052	4,659,929	2,592,000	7.000%	585,830	3,177,830	-	-	3,177,830	-	76,810	3,254,640
9/1/2053	4,659,929	2,785,000	7.000%	404,390	3,189,390	-	-	3,189,390	-	78,346	3,267,736
9/1/2054	4,659,929	2,992,000	7.000%	209,440	3,201,440	-	3,201,440	-	-	79,913	3,281,353
	\$ 139,797,874	\$ 37,500,000		\$ 54,256,288	\$ 91,756,288	\$ 4,717,708	\$ 3,201,440	\$ 83,837,140	\$ -	\$ 1,780,564	\$ 88,819,144

Notes:

1. Preliminary and subject to change. Subject to approval by the Issuer.
2. Rates are for discussion and illustration purposes only and are preliminary and subject to change.
3. Assumes capitalized interest through September 1, 2026.
4. Sized to 100% of maximum annual debt service.
5. Net of capitalized interest and debt service reserve fund release at maturity.
6. Funded to 2.5% of bond par at closing.
7. Assumes 2.0% annual escalation factor. First year fee is paid at bond closing.
8. Net of capitalized interest but excludes release of debt service reserve fund at maturity.

EXHIBIT K – DISTRICT BOUNDARY DESCRIPTION

Exhibit "A" District Boundaries

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 106.472 acres (4,637,900 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being the residue of a called 135.778 acre tract of land conveyed to Clear Creek Community Church as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. 20150231965; said 106.472 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 09°41'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, at 90.40 feet passing a 5/8-inch iron rod found marking the northeast corner of said Restricted Reserve "A", continuing in all for a total distance of 1,772.42 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of a called 28.9270 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598260; said iron rod for the northeast corner of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line, at 1,289.36 feet passing a 5/8-inch iron rod found marking the westerly common corner of said 28.9270 acre tract and a called 10.0000 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598262, continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found on the northwesterly R.O.W. line of a Harris County Flood Control District drainage easement (150 feet wide) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682; said iron rod for the southeast corner of the herein described tract;

Exhibit "A," Page 1

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METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 2 OF 4

THENCE, South 38°20'29" West, along said northwesterly R.O.W. line, a distance of 877.99 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLs, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

North 21°17'29" West, a distance of 80.86 feet to an angle point;
North 04°22'12" West, a distance of 216.80 feet to an angle point;
North 32°41'57" West, a distance of 184.39 feet to an angle point;
North 51°06'03" West, a distance of 159.93 feet to an angle point;
North 74°03'08" West, a distance of 164.71 feet to an angle point;
South 48°02'49" West, a distance of 44.69 feet to an angle point;
North 73°53'13" West, a distance of 47.50 feet to an angle point;
South 49°24'27" West, a distance of 89.87 feet to an angle point;
North 75°14'40" West, a distance of 40.66 feet to an angle point;
South 43°53'50" West, a distance of 146.10 feet to an angle point;
South 25°05'22" West, a distance of 134.50 feet to an angle point;
South 83°33'17" West, a distance of 49.30 feet to an angle point;
South 21°22'27" West, a distance of 73.69 feet to an angle point;
North 77°09'16" West, a distance of 62.96 feet to an angle point;
South 59°48'42" West, a distance of 48.72 feet to an angle point;

Exhibit "A," Page 2

Page 349 of 353

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 3 OF 4

North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;
North 27°29'30" East, a distance of 63.48 feet to an angle point;
North 19°02'35" East, a distance of 103.93 feet to an angle point;
North 14°38'12" East, a distance of 53.72 feet to an angle point;
North 13°22'21" West, a distance of 9.00 feet to an angle point;
North 15°04'35" East, a distance of 70.83 feet to an angle point;
North 31°32'46" West, a distance of 52.49 feet to an angle point;

Exhibit "A," Page 3

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METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 4 OF 4

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 106.472 acres (4,637,900 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.L.S Firm No. 10084800
150 W. Shadowbend, Suite 304
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
October 20, 2022

APPENDIX A – ENGINEER’S REPORT

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FRIENDSWOOD CITY CENTER

PUBLIC IMPROVEMENTS DISTRICT (PID)

ENGINEERING REPORT



Ward, Getz and Associates, PLLC

1020 NE Loop 410, Suite 800
San Antonio, TX 78209
(210) 585-3700

WGA Project# 70455-016

September 24, 2024



Friendswood City Center

Public Improvements District (PID) Engineering Report

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2.	Development Improvements.....	1
3.	Development Improvement Descriptions.....	1
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4.	Development and Construction Schedule.....	3

Exhibit – E1 Overall P.I.D. Boundary

Appendix A – Initial Major Improvements

Engineer's Opinion of Probable Construction Cost

- A1 – Initial Major Improvements – Phase 1 Storm Drain and Detention Improvements
- A2 – Initial Major Improvements – Larrabee Way & Phase 1 Roadway Improvements
- A3 – Initial Major Improvements – Phase 1 Sidewalk Improvements
- A4 – Initial Major Improvements – Phase 1 FM 528 Intersection Improvements
- A5 – Initial Major Improvements – Sheet Piling Plan and Retaining Wall Improvements

Appendix B– Additional Major Improvements

Engineer's Opinion of Probable Construction Cost

- B1 – Additional Major Improvements – Phase 2 Storm Drain and Detention Improvements
- B2 – Additional Major Improvements – Phase 2 Roadway Improvements
- B3 – Additional Major Improvements – Phase 2 Sidewalk Improvements
- B4 – Additional Major Improvements – Phase 2 Intersection Improvements
- B5 – Additional Major Improvements – Water System
- B6 – Additional Major Improvements – Wastewater System
- B7 – Additional Major Improvements – Fire Station
- B8 – Additional Major Improvements – Park Improvements
- B9 – Additional Major Improvements – Lighting Improvements

Friendswood City Center

Public Improvements District (PID) Engineering Report

1. Introduction

The Friendswood City Center Development proposes that a Public Improvement District (PID) be created to facilitate the development of 124.6 Acres of land along E. F.M. 528 at its intersection of Blackhawk Blvd. in the Harris County portion of Friendswood, TX. The site is within Harris County, adjacent to Clear Creek which is the boundary between Harris and Galveston Counties.

The development will include multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Blvd. to W. Bay Area Blvd., and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties. This report includes supporting documentation related to the formation of a Public Improvements District (PID).

2. Development Improvements

Development improvements have been defined as **Initial Major Improvements** and **Additional Major Improvements**.

The **Initial Major Improvements** are depicted in **Appendix A**, and the **Additional Major Improvements** are depicted in **Appendix B**, of this report.

Development improvements will be designed and constructed in accordance with City of Friendswood Standards and Specifications and will be owned and operated by the City of Friendswood unless otherwise indicated. Development Improvements are depicted below.

3. Development Improvement Descriptions

3.1 Initial Major Improvements - Detention, Roadway, & Storm Drain

Detention & Storm Drain Initial Major Improvements will include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide drainage service to Improvements for Friendswood City Center. Included are two permanent flood control detention ponds, called Detention Pond 1 and Detention Pond 2 respectively, clearing, excavation, piping for inbound and outbound drainage lines and outlet structures for both Detention Pond 1 and Detention Pond 2. Detention Pond 1 Excavation Fill on-site is calculated to be approximately 268,371 CY, Detention Pond 1 Excavation Fill Off-Site is approximately 336,062 CY, and Detention Pond 2 Excavation Fill Off-Site is approximately 105,952 CY. Detention Pond clearing, excavation, and all necessary appurtenances required for the construction of the detention ponds. The two detention ponds are being constructed to account for additional storage capacity for the benefit of the public. Storm improvements are shown below in Appendix 3 and are labeled accordingly as Phase I of the Overall Storm Improvements in the **Initial Major Improvements** Cost Estimate included in Appendix "A". Phase 1 of the Storm Improvements include 314 LF of 12" RCP, 409 LF of 15" RCP, 3,675 LF of 24" RCP, 984 LF of 30" RCP, 1,354 LF of 36" RCP, 485 LF of 42" RCP, 555 LF total of 48" pipe material, 461 LF of 60" RCP, 691 LF of 72" RCP, 1,085 LF of 84" RCP, as well as 773 LF of 6'x6' Reinforced Concrete Precast Boxes.

Initial Major Roadway Improvement items include construction of Phase 1 of an extension of Blackhawk Blvd from F.M. 528 to Larrabee Way which is calculated to be approximately 3,512 SY of roadway construction. Construction of Other Roadway Improvements included in Initial Roadway Improvements, Madison Ave., Townes Rd, and Larrabee Way, are calculated to be approximately 18,094 SY of Roadway Improvement. Initial Major Roadway Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, and construction testing. Proposed sidewalk improvements for the benefit of walkability within the site as well as better access from FM 528 for pedestrian traffic. These sidewalk improvements consist of 3,621 SY of sidewalk considered Phase 1 of the overall sidewalk improvements for the project.

Initial Major Signalization improvements at FM 528 & Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications; as well as adding a southbound left turn lane on Townes Rd. to balance the new (widening) approach to FM 528 northbound from the new development. Initial Major Signalization improvements at FM 528 and Blackhawk Blvd. will include upgrading the existing traffic signal to full operation to current Texas Department of Transportation specifications with the new south leg of the intersection as well as adding a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to FM 528 for access management purposes.

Costs related to designing, constructing, installing, and financing the Initial Major Improvements of Friendswood City Center are outlined in the "Initial Major Improvements – Engineer's Opinion of Probable Costs" contained in Appendix "A" of this report. These costs include land planning, engineering design (*consultant fees*), City fees, soil testing, survey, construction management, legal fees, contingency, inspection fees, district formation costs, and other PID costs. These costs will be initially incurred by the Developer. The City of Friendswood, TX will reimburse the developer per a Tax Reimbursement Investment Zone (TIRZ) Agreement prepared separately.

3.2 Additional Major Improvements

Additional Major Water Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide improvements to Friendswood City Center. There will be 12" water lines constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a 12" water line along Townes Rd. Bennett Blvd. and Larrabee Way will have an 8" water line running across connecting the 12" water lines on Townes Rd. and Blackhawk Blvd.

Additional Major Wastewater Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, and testing among others constructed to the City of Friendswood standards required to provide wastewater service to improvements to Friendswood City Center. Construction will consist of an 8" wastewater lines along Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from an 8" wastewater line to a 12" wastewater line tying into a proposed Sanitary Lift Station south of the site on Blackhawk Blvd. The approximate total amount of wastewater line material will include 1,705 LF of 12" PVC total, and 1,859 LF of 8" PVC total.

A proposed Sanitary Lift Station is slated to cost an estimated \$1,331,000 and will tie into the manhole on West Bay Area Blvd. An existing 8" Sanitary Sewer Line and Sanitary Lift Station that currently service Clear Creek Community Church will be abandoned and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center Sanitary Sewer system near the Blackhawk Blvd and F.M. 528 connection.

Additional Major Signalization Improvements at West Bay Area Blvd. will include a left turn lane addition at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd for access management purposes.

Additional Major Storm Improvements are tabulated in the "Additional Major Improvements Cost Estimate" found in Appendix "B" of this report. These improvements include trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide drainage service to Improvements for Friendswood City Center.

For Additional Major Landscaping, Parks and Amenities Major Improvements see attached Memorandum provided by Diamond Development Group (Titled "Landscape, Parks, and Amenities Friendswood City Center").

Additional Major Improvements will include the construction of an estimated \$8,000,000 fire station for use by the City of Friendswood for the benefit of the public. This fire station will be constructed off Phase 2 of the Blackhawk Blvd. expansion.

Costs related to designing, constructing, installing, and financing the Additional Major Improvements of Friendswood City Center are outlined in the "Additional Major Improvements – Engineer's Opinion of Probable Costs" contained in Appendix "B" of this report. These costs include land planning, engineering design (*/consultant fees*), City fees, soil testing, survey, construction management, legal fees, contingency, inspection fees, district formation costs, and other PID costs. These costs will be initially incurred by the Developer. The City of Friendswood, TX will reimburse the developer per a Tax Reimbursement Investment Zone (TIRZ) Agreement prepared separately

3.3 Public Benefit

The development will provide several benefits to the public including (but not limited to) the construction of multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Blvd. to W. Bay Area Blvd., an extensive park and trail system, pedestrian friendly streets, and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties.

4. Development Costs

An Engineers' Opinion of Probable Cost (OPC) has been prepared for both the **Initial Major improvements** and **Additional Major Improvements** described above and are included as the **Initial Major Improvements Engineer's Opinion of Probable Cost** in **Appendix A** and **Additional Major Improvements Engineer's Opinion of Probable Cost** in **Appendix B**, respectively. The Opinion of Probable Costs are based on contractor pricing, Diamond Development Group's expertise in Landscaping, Parks and amenities, and WGA's reasonable professional judgement and experience and does not constitute a warranty, expressed or implied. Actual costs may vary.

5. Development and Construction Schedule

5.1 Design Stage

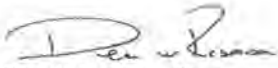
The overall site has been designed and the preliminary plat has been approved by the City of Friendswood and City Council. The civil plans are currently under review by the City of Friendswood. The project has received Drainage Approval from Harris County Flood Control District. A final plat has been completed and is currently under review by the City of Friendswood. The city has sufficient sewer and water capacity for the entire project. Contracts have been entered on all reserves on-site.

5.2 Construction Stage

- Initial Major Improvements – Begin Construction: Quarter 2 of 2024; End Construction: Quarter 3 of 2025
- Additional Major Improvements – Begin Construction: Quarter 2 of 2025; End Construction: Quarter 2 of 2026

Thank you for your review of this letter. Should you have any questions or wish to discuss this submittal in detail, please contact me at 210.585.3700 or drasmuson@wga-llp.com.

Sincerely,



Dean W. Rasmuson, PE
Senior Engineering Advisor



1020 NE Loop 410, Ste. 800 | San Antonio, TX 78209
O: 210-586-3700 D: 210-455-1320

APPENDIX A

Initial Major Improvements



FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

CONSTRUCTION COST SUMMARY

UNIT A: POLLUTION PREVENTION AND MISCELLANEOUS *UNIT A NOT INCLUDED IN CONSTRUCTION CONTINGENCY*	\$	102,790
UNIT B: SITE PREPARATION	\$	237,253
UNIT C: CLEARING, GRUBBING, & DEMOLITION	\$	3,226,763
UNIT D: EARTHWORK, PAVING & GRADING	\$	9,734,600
UNIT E: FM 528 TRAFFIC IMPROVEMENTS	\$	1,200,000
UNIT F: DETENTION	\$	8,886,907
UNIT G: STORM DRAINAGE SYSTEM	\$	5,144,261
CONSTRUCTION CONTINGENCIES (13%)	\$	3,695,872
UNIT H: PROFESSIONAL FEES	\$	1,611,721
TOTAL ESTIMATED CONSTRUCTION COST INITIAL MAJOR IMPROVEMENTS	\$	33,840,166

Note: Consultant Engineering Design and other Fees are included in the
"Additional Major Improvements" Cost Estimate found in Report
Appendix "B"

Submitted by:

Dean W. Rasmuson, PE
Sr. Engineering Advisor
F-9756

Notes: 1. All values rounded up to the nearest dollar amount. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT A: POLLUTION PREVENTION AND MISCELLANEOUS					
1.	Reinforced Filter Fabric Fence	LF	15,000	\$ 1.65	\$ 24,750
2.	Submit N.O.I.s & N.O.T.s, Review PPP, and posting of materials on job site.	LS	1	\$ 3,000.00	\$ 3,000
3.	Maintain and Repair RFFF	MO	12	\$ 3,000.00	\$ 36,000
4.	PPP Inspection and Reporting	MO	12	\$ 1,000.00	\$ 12,000
5.	Street Cleaning	HR	200	\$ 65.00	\$ 13,000
6.	Stabilized Construction Exit	EA	2	\$ 3,000.00	\$ 6,000
7.	Type II Filter Dam	EA	2	\$ 2,000.00	\$ 4,000
8.	Inlet Protection, Stage One	EA	19	\$ 80.00	\$ 1,520
9.	Inlet Protection, Stage Two	EA	42	\$ 60.00	\$ 2,520
UNIT A SUB-TOTAL BID					\$ 102,790

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT B: SITE PREPARATION					
1.	Mobilization	LS	1.00	\$ 202,252.85	\$ 202,253
2.	Construction Staking	LS	1.00	\$ 35,000.00	\$ 35,000
UNIT B SUB-TOTAL BID					\$ 237,253

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-018
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT C: CLEARING, GRUBBING, & DEMOLITION					
1.	Light Clearing - Chip and Haul' (including but not limited to removal of trees stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	22.81	\$ 23,207.13	\$ 529,355
2.	Heavy Clearing - Chip and Haul' (including but not limited to removal of tree stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	71.23	\$ 35,885.56	\$ 2,554,704
3.	3" Force Main Removal and Disposal, Complete in place	LF	2,778.18	\$ 25.00	\$ 69,455
4.	12" Waterline Removal and Disposal, Complete in place	LF	2,930.00	\$ 25.00	\$ 73,250
UNIT C SUB-TOTAL BID					\$ 3,226,763

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT D: EARTHWORK, PAVING & GRADING					
1.	Detention Pond 1 Excavation - Fill and Compaction Onsite, complete in place	CY	266,346.26	\$ 7.40	\$ 1,985,762
2a.	Flood - Detention Pond 1 Excavation - Fill Offsite, Complete in Place	CY	207,328.46	\$ 17.00	\$ 3,524,584
2b.	PID - Detention Pond 1 Excavation - Fill Offsite, Complete in Place	CY	128,733.54	\$ 17.00	\$ 2,188,470
3.	Utility Spoils - Fill Offsite.. Complete in place	CY	11,450	\$ 17.00	\$ 194,650
4.	Blackhawk Blvd Phase 1 - 7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	3,512	\$ 65.00	\$ 228,280
5.	Larrabee Way - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	12,275	\$ 63.00	\$ 773,333
6.	Madison Ave Phase 1 - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	1,543	\$ 60.00	\$ 92,603
7.	Townes Road Phase 1 - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	4,276	\$ 60.00	\$ 256,560
8.	6" Reinforced Concrete Curb, Complete in place	LF	7,802	\$ 4.20	\$ 32,768
9.	Blackhawk Blvd Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	3,512	\$ 3.60	\$ 12,643
10.	Larrabee Way Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	12,275	\$ 3.60	\$ 44,190
11.	Madison Ave Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	1,543	\$ 3.60	\$ 5,556
12.	Townes Road Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	4,276	\$ 3.60	\$ 15,395
13.	Phase 1 - 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	3,621	\$ 40.00	\$ 144,840
14.	Phase 1 - 2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	3,621	\$ 2.00	\$ 7,242
15.	Phase 1 - Traffic/Street Name Sign, Complete in Place	EA	10	\$ 3,000.00	\$ 30,000
16.	Phase 1 - Striping, Complete in Place	LS	3,350	\$ 1.55	\$ 5,193
17.	Phase 1 - Wheelchair Ramps	EA	35	\$ 5,500.00	\$ 192,500
UNIT D SUB-TOTAL BID				\$	9,734,600

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT E: FM 528 TRAFFIC IMPROVEMENTS					
1.	Blackhawk Intersection Signalization Improvements, Complete in place	LS	1	\$ 500,000.00	\$ 500,000
2.	Townes Road Intersection Signalization Improvements, Complete in place	LS	1	\$ 400,000.00	\$ 400,000
3.	Left Turn Lane Southbound at Townes Rd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
4.	Left Turn Lane Southbound at Blackhawk Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
UNIT E SUB-TOTAL BID					\$ 1,200,000

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT F: DETENTION					
1.	Detention Pond 1 - Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCO Standards), Complete in Place	EA	6	\$ 14,500.00	\$ 87,000
2.	Detention Pond 1 - Backslope Swale, Complete in Place	LF	2,860	\$ 5.50	\$ 15,675
3.	Detention Pond 1 - Stabilization Utilizing Flexterra High Performance Flexible Growth Medium (HPF) w/ 1 Inch within the first 6 Weeks. All Seeds to Have 95% Germination or Higher	AC	15	\$ 3,500.00	\$ 52,500
4.	Sheet Piling (20 Tall from Top of Bank to Bottom of Pond), Complete in Place	LF	1,400	\$ 3,000.00	\$ 4,200,000
5.	Dewatering	LS	1	\$ 500,000.00	\$ 500,000
6.	Reinforced Concrete Slope Paving (5" Thick per HCFCO Standards), Complete in Place	SY	1,780	\$ 100.00	\$ 178,000
7.	Riprap - Gradation No. 1 (18" thick per HCFCO Standards), Complete in Place	SY	927	\$ 65.00	\$ 60,255
8.	Floatable Collection Screen Structure (Per HCFCO Standards), Complete in Place	LS	1	\$ 75,000.00	\$ 75,000
9.	4' Retaining Wall Cast in Place, Complete in Place	LF	2,800	\$ 500.00	\$ 1,400,000
10.	8' Retaining Wall Cast in Place, Complete in Place	LF	300	\$ 1,000.00	\$ 300,000
11.	PID - Detention Pond 2 Excavation - Fill Offsite, Complete in place	CY	39,928	\$ 18.50	\$ 738,659
12.	PID - Detention Pond 2 Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCO Standards), Complete in Place	EA	2	\$ 14,500.00	\$ 29,000
13.	PID - Detention Pond 2 Backslope Swale, Complete in Place	LF	1,150	\$ 5.50	\$ 6,325
14.	PID - Detention Pond 2 Stabilization Utilizing Standard Hydromulch w/ 1 Inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	6	\$ 3,000.00	\$ 17,040
15.	Public Benefit - Detention Pond 2 Excavation - Fill Offsite, Complete in place	CY	66,024	\$ 18.50	\$ 1,221,433
16.	Public Benefit - Stabilization Utilizing Standard Hydromulch w/ 1 Inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	2	\$ 3,000.00	\$ 6,000
UNIT F SUB-TOTAL BID					\$ 8,886,907

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FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT G: STORM DRAINAGE SYSTEM					
1.	Phase 1 - 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	314	\$ 57.50	\$ 18,055
2.	Phase 1 - 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	409	\$ 86.25	\$ 35,276
3.	Phase 1 - 24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	3,675	\$ 115.00	\$ 422,625
4.	Phase 1 - 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	984	\$ 145.00	\$ 142,680
5.	Phase 1 - 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,354	\$ 200.00	\$ 270,800
6.	Phase 1 - 42" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	485	\$ 285.00	\$ 138,225
7.	Phase 1 - 48" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	325	\$ 320.00	\$ 104,000
8.	Phase 1 - 48" CMP (All Cuts), Complete in Place	LF	230	\$ 320.00	\$ 73,600
9.	Phase 1 - 60" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	461	\$ 500.00	\$ 230,500
10.	Phase 1 - 72" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	891	\$ 730.00	\$ 604,430
11.	Phase 1 - 84" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,085	\$ 1,100.00	\$ 1,193,500
12.	Phase 1 - 6'x8' Reinforced Concrete Box, C1433 (All Cuts), Complete in Place	LF	773	\$ 1,250.00	\$ 966,250
13.	Phase 1 - Trench Dewatering	LF	5,035	\$ 35.00	\$ 176,225
14.	Phase 1 - Type "A" Inlet, Complete in Place	EA	13	\$ 5,500.00	\$ 71,500
15.	Phase 1 - Type "B-B" Inlet, Complete in Place	EA	38	\$ 4,500.00	\$ 171,000
16.	Phase 1 - Type "C" Manhole (42" and smaller), Complete in Place	EA	48	\$ 4,500.00	\$ 216,000
17.	Phase 1 - Type "C" Manhole (42" and smaller) w/ Ty."A" Inlet, Complete in Place	EA	7	\$ 7,500.00	\$ 52,500
18.	Phase 1 - Type "C" Manhole (48"-72"), Complete in Place	EA	13	\$ 9,000.00	\$ 117,000
19.	Phase 1 - Type "C" Manhole (84" and Larger), Complete in Place	EA	15	\$ 15,000.00	\$ 225,000
20.	Phase 1 - OSHA Trench Safety System	LF	10,063	\$ 1.50	\$ 15,095
UNIT G SUB-TOTAL BID					\$ 5,144,261

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FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

UNIT H: PROFESSIONAL FEES

Amount

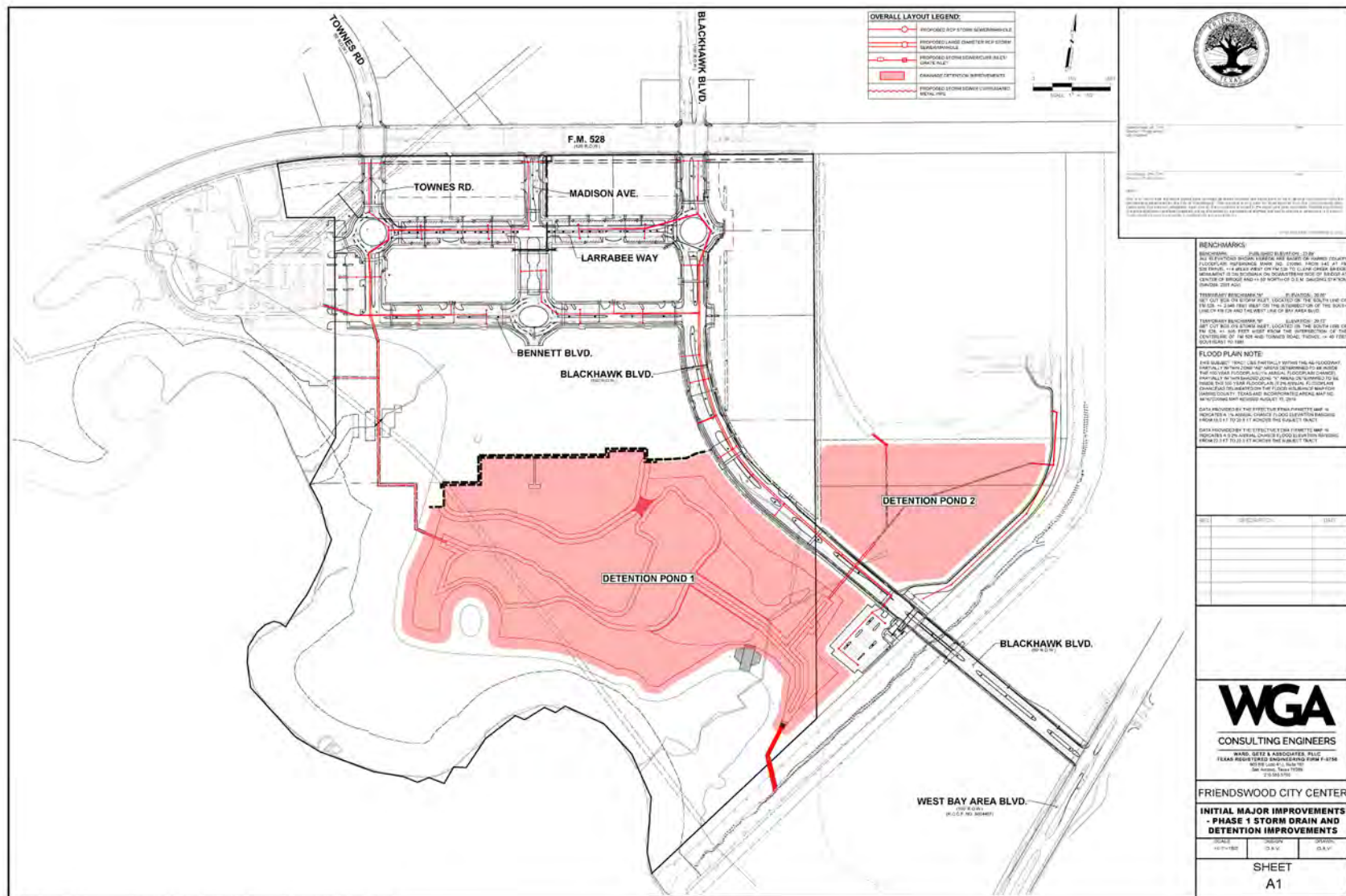
Drainage and Flood Mitigation

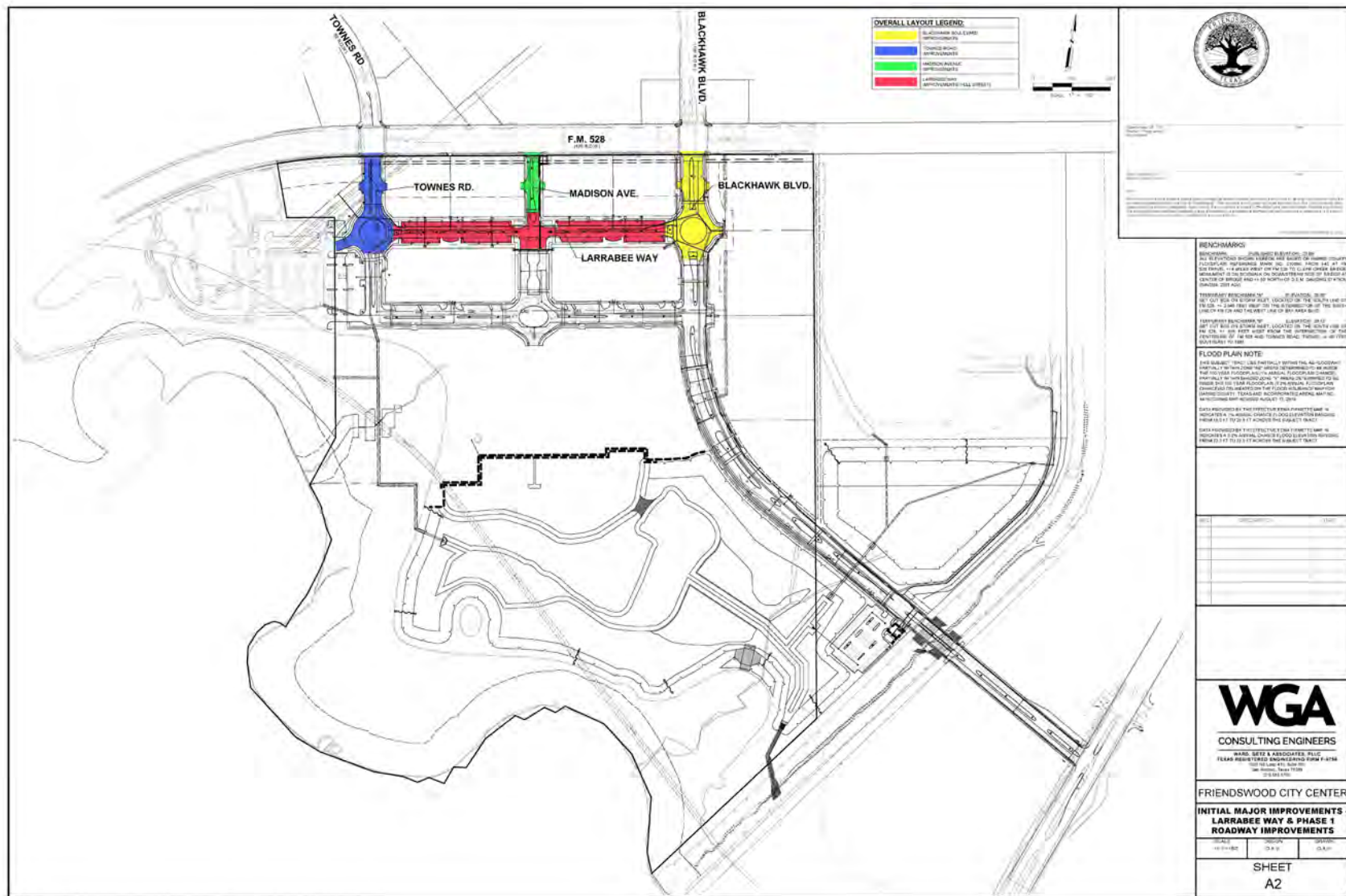
Geotechnical Investigation to date (Riner Engineering)	\$ 26,291
Project Coordination (Tannos Development)	\$ 25,988
Schematic, design, development documents (DDG)	\$ 212,625
Civil Engineering (WGA)	\$ 1,034,600
Security Fencing (American Fence)	\$ 9,983
Land clear to install security fence (All-Tex)	\$ 6,000
Staking for security fence placement (Boundary One)	\$ 1,850
Overhead (12%)	\$ 158,080
Miscellaneous Costs	\$ 136,305
DRAINAGE AND FLOOD FEES ITEMS SUB-TOTAL	\$ 1,611,721

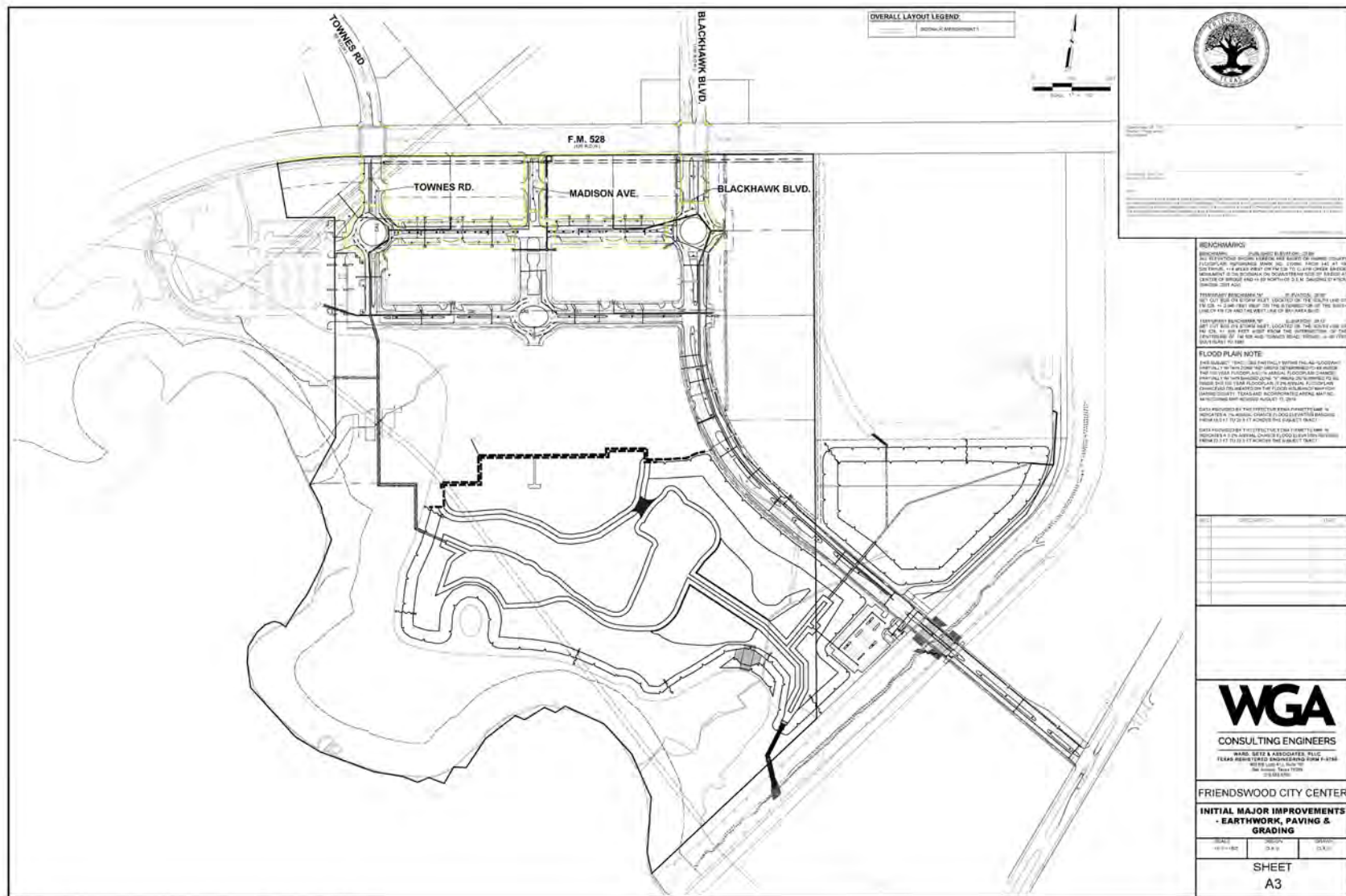
TOTAL UNIT H: PROFESSIONAL FEES

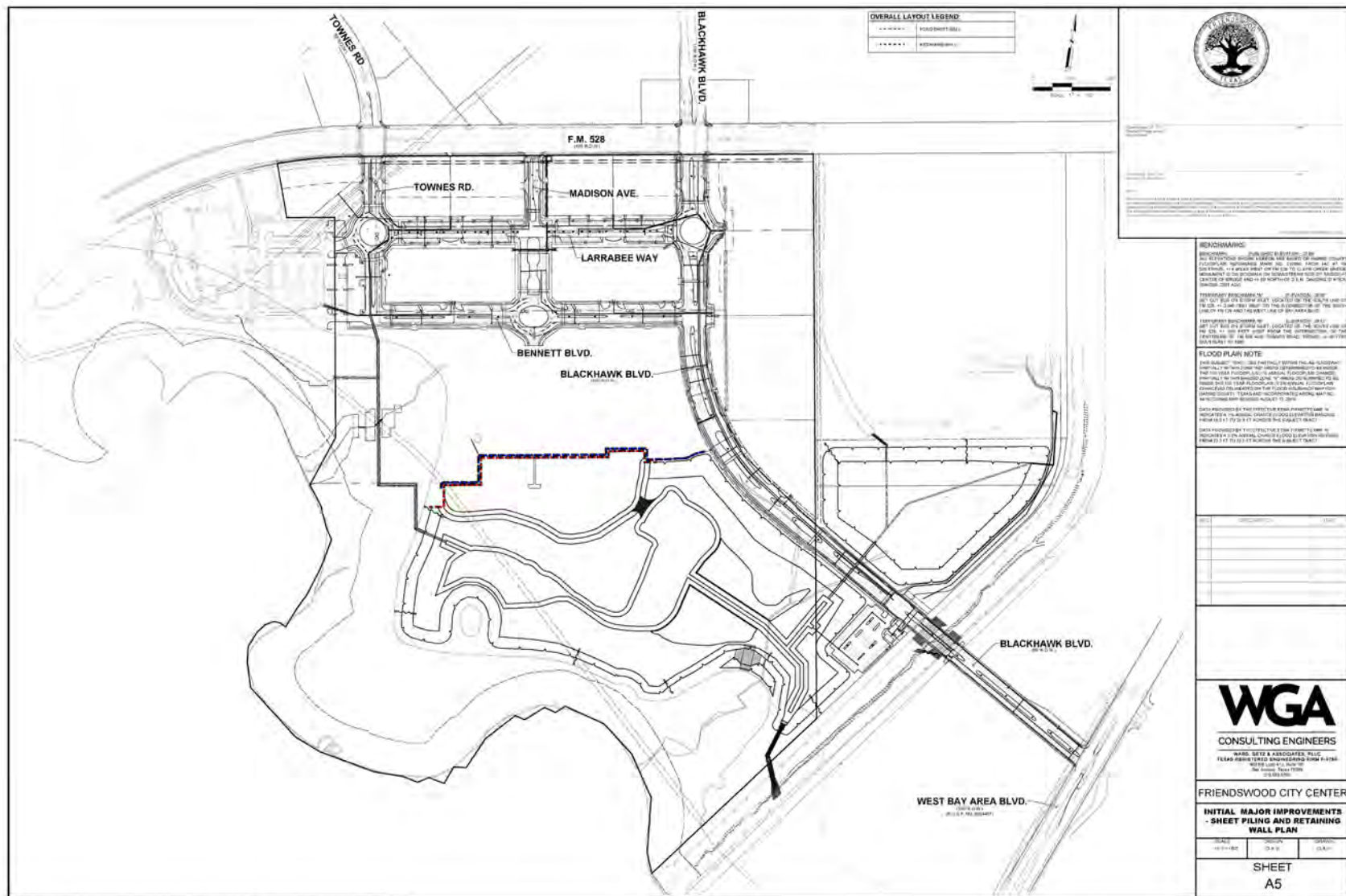
\$ 1,611,721

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APPENDIX B

Additional Major Improvements



FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT

ADDITIONAL MAJOR IMPROVEMENTS

ENGINEER'S OPINION OF PROBABLE COST

PROJECT NO. 70455-016

9/24/2024

CONSTRUCTION COST SUMMARY

UNIT I: EARTHWORK, PAVING & GRADING	\$	3,400,250
UNIT J: WATER DISTRIBUTION SYSTEM	\$	1,007,036
UNIT K: STORM DRAINAGE SYSTEM	\$	179,101
UNIT L: SANITARY SEWER SYSTEM	\$	862,879
UNIT M: SANITARY LIFT STATION	\$	1,330,700
UNIT N: MISCELLANEOUS - LANDSCAPING	\$	5,597,472
UNIT O: MISCELLANEOUS - CIVIL	\$	3,063,184
UNIT P: FIRE STATION	\$	1,032,520
'ADDITIONAL COST CHARGE TO TIRZ'		
CONSTRUCTION CONTINGENCIES (13%)	\$	2,141,508
UNIT Q: PROFESSIONAL FEES	\$	2,981,848

**TOTAL ESTIMATED CONSTRUCTION COSTS
ADDITIONAL MAJOR IMPROVEMENTS**

\$ 21,596,499

Submitted by:

Dean W. Rasmuson, PE
Sr. Engineering Advisor
F-9756

Notes: 1. All values rounded up to the nearest dollar amount. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT I: EARTHWORK, PAVING & GRADING					
1.	Blackhawk Blvd Phase II - 7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	17,711	\$ 70.00	\$ 1,239,770
2.	Madison Ave Phase II - 6" 4,000 PSI Reinforced Concrete Pavement, complete in place.	SY	3,114	\$ 65.00	\$ 202,442
3.	Townes Road Phase II - 6" 4,000 PSI Reinforced Concrete Pavement, complete in place.	SY	4,723	\$ 65.00	\$ 306,990
4.	Bennett Blvd Phase II - 6" 4,000 PSI Reinforced Concrete Pavement complete in place.	SY	11,728	\$ 65.00	\$ 762,310
5.	6" Reinforced Concrete Curb, Complete in place	LF	24,263	\$ 4.20	\$ 101,905
6.	Blackhawk Blvd Phase II - 8" Stabilized Subgrade, complete in place	SY	17,711	\$ 3.60	\$ 63,760
7.	Madison Ave Phase II - 8" Stabilized Subgrade, complete in place.	SY	3,114	\$ 3.60	\$ 11,212
8.	Townes Road Phase II - 8" Stabilized Subgrade, complete in place.	SY	4,723	\$ 3.60	\$ 17,003
9.	Bennett Blvd Phase II - 8" Stabilized Subgrade, complete in place.	SY	11,728	\$ 3.60	\$ 42,220
10.	Phase II - 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	7,463	\$ 40.00	\$ 298,520
11.	Phase II - 2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	7,463	\$ 2.00	\$ 14,926
12.	Phase II - Traffic/Street Name Sign, Complete in Place	EA	27	\$ 3,000.00	\$ 81,000
13.	Phase II - Striping, Complete in Place	LS	3,350	\$ 1.55	\$ 5,193
14.	Phase II - Wheelchair Ramps	EA	46	\$ 5,500.00	\$ 253,000
UNIT I SUB-TOTAL BID					\$ 3,400,250

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FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT J: WATER DISTRIBUTION SYSTEM					
1.	12" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	4,861	\$ 80.00	\$ 388,880
2.	10" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	162	\$ 55.00	\$ 8,910
3.	8" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	1,748	\$ 50.00	\$ 87,400
4.	1.5" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	87	\$ 30.00	\$ 2,610
5.	12" Jack and Bore, Complete in Place	LF	55	\$ 175.00	\$ 9,625
6.	12" Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000
7.	12" Wet Connection, Complete in Place	EA	3	\$ 2,400.00	\$ 7,200
8.	1.5" Plug and Clamp, Complete in Place	EA	1	\$ 200.00	\$ 200
9.	1.5" Meter, Complete in Place	EA	1	\$ 5,000.00	\$ 5,000
10.	1.5" Double Check Backflow Preventor, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500
11.	Fire Hydrant incl. Valve and Tee, Complete in Place	EA	14	\$ 7,500.00	\$ 105,000
12.	12" Gate Valve & Box, Complete in Place	EA	18	\$ 3,700.00	\$ 66,600
13.	10" Gate Valve & Box, Complete in Place	EA	6	\$ 3,000.00	\$ 18,000
14.	10" Plug and Clamp, Complete in Place	EA	2	\$ 1,200.00	\$ 2,400
15.	8" Gate Valve & Box, Complete in Place	EA	16	\$ 2,100.00	\$ 33,600
16.	8" Plug and Clamp, Complete in Place	EA	8	\$ 1,000.00	\$ 8,000
17.	1.5" Gate Valve & Box, Complete in Place	EA	1	\$ 572.00	\$ 572
18.	OSHA Trench Safety System	LF	7,028	\$ 1.50	\$ 10,539
UNIT J SUB-TOTAL BID					\$ 1,007,036

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FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT K: STORM DRAINAGE SYSTEM					
1.	Phase II - 24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	709	\$ 115.00	\$ 81,535
2.	Phase II - 48" CMP (All Cuts), Complete in Place	LF	125	\$ 320.00	\$ 40,000
3.	Phase II - Trench Dewatering	LF	709	\$ 35.00	\$ 24,815
4.	Phase II - Type "B-B" Inlet, Complete in Place	EA	4	\$ 4,500.00	\$ 18,000
5.	Phase II - Type "C" Manhole (42" and smaller), Complete in Place	EA	3	\$ 4,500.00	\$ 13,500
6.	Phase II - OSHA Trench Safety System	LF	834	\$ 1.50	\$ 1,251
UNIT K SUB-TOTAL BID					\$ 179,101

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FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT L- SANITARY SEWER SYSTEM					
1.	12" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,122	\$ 85.00	\$ 95,370
2.	12" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	583	\$ 100.00	\$ 58,300
3.	8" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,256	\$ 50.00	\$ 62,800
4.	8" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	603	\$ 65.00	\$ 39,195
5.	Precast Concrete Manhole, Complete in Place	EA	22	\$ 6,000.00	\$ 132,000
6.	Extra Depth for Standard MH 8' - 12' Depth	VF	10	\$ 275.00	\$ 2,750
7.	Extra Depth for Standard MH Over 12' Depth	VF	57	\$ 300.00	\$ 17,100
8.	8" Sanitary Sewer Plug, Complete in Place	EA	25	\$ 1,000.00	\$ 25,000
9.	Trench Dewatering	LF	3,564	\$ 35.00	\$ 124,740
10.	6" Force Main, Complete in Place	LF	935	\$ 45.00	\$ 42,075
11.	8" Force Main Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000
12.	Air Release Valve for 6", Complete in Place	EA	1	\$ 4,000.00	\$ 4,000
13.	6" Force Main Tie Into Existing MH, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500
14.	OSHA Trench Safety System	LF	4,699	\$ 1.50	\$ 7,049
UNIT L SUB-TOTAL BID					\$ 862,879

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FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT M: SANITARY LIFT STATION</u>					
1.	Lift Station, Complete in Place	LS	1	\$ 1,250,000.00	\$ 1,250,000
2.	6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	370	\$ 60.00	\$ 22,200
3.	12' Wide 6' Chain Link Gate w/ 2' ft of barbed wire, Complete in place	EA	1	\$ 5,000.00	\$ 5,000
4.	6' Chain Link Fence w/ 2' ft of barbed wire, Complete in place	LF	214	\$ 250.00	\$ 53,500
UNIT M SUB-TOTAL BID					\$1,330,700

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FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT N: MISCELLANEOUS - LANDSCAPING					
1.	Bath House *	SF	650	\$ 435.00	\$ 282,750
2.	Site Utilities ROW *	EA	16	\$ 850.00	\$ 13,600
3.	Benches/ Admen *	EA	45	\$ 1,650.00	\$ 74,250
4.	Landscape ROW *	EA	1	\$ 2,450,000.00	\$ 2,450,000
5.	Pavers *	SF	35,600	\$ 15.00	\$ 534,000
6.	Decomposed Granite *	CF	80,903	\$ 5.88	\$ 475,707
7.	Concrete Edge Band *	CF	32,361	\$ 8.52	\$ 275,716
8.	Limestone Benches *	LF	56	\$ 1,200.00	\$ 67,200
9.	Landscape *	EA	12,000	\$ 50.00	\$ 600,000
10.	Street Lights w/ foundation, Complete in Place	EA	30	\$ 20,000.00	\$ 600,000
11.	Solar Lighting *	EA	65	\$ 3,450.00	\$ 224,250
UNIT N SUB-TOTAL BID					\$ 5,597,472

* LANDSCAPING, PARK, AND AMMENITY ESTIMATES ON THIS ENGINEER'S OPINION OF PROBABLE COST WERE PROVIDED BY DIAMOND DEVELOPMENT GROUP.

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FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT O: MISCELLANEOUS - CIVIL					
1.	Left Turn Lane NorthEastbound at Bay Area Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
2.	Bridge Westbound (2 lanes) on Blackhawk from Station 27+42.67 to 25+70. Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000
3.	Bridge Eastbound (2 lanes) on Blackhawk from Station 25+72.33 to 27+37.33. Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000
4.	CCISD Road 6" 3,500 PSI Reinforced Concrete Pavement, Complete in place	SY	3,950	\$ 55.00	\$ 217,250
5.	CCISD Road 6" Reinforced Concrete Curb, Complete in place	LF	2,269	\$ 4.20	\$ 9,530
6.	CCISD Road 8" Stabilized Subgrade, Complete in place	SY	4,215	\$ 3.60	\$ 15,174
7.	CCISD Road 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk) Complete in place	SY	244	\$ 40.00	\$ 9,760
8.	CCISD Road 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	321	\$ 80.00	\$ 25,680
9.	CCISD Road 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	416	\$ 100.00	\$ 41,600
10.	CCISD Road 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	222	\$ 145.00	\$ 32,190
11.	CCISD Road 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	85	\$ 200.00	\$ 17,000
12.	CCISD Road Type "C" Manhole (42" and smaller) w/ Ty."A" Inlet, Complete in Place	EA	6	\$ 7,500.00	\$ 45,000
13.	CCISD Road Street Lights w/ foundation, Complete in Place	EA	5	\$ 20,000.00	\$ 100,000
UNIT O SUB-TOTAL BID					\$ 3,063,184

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FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
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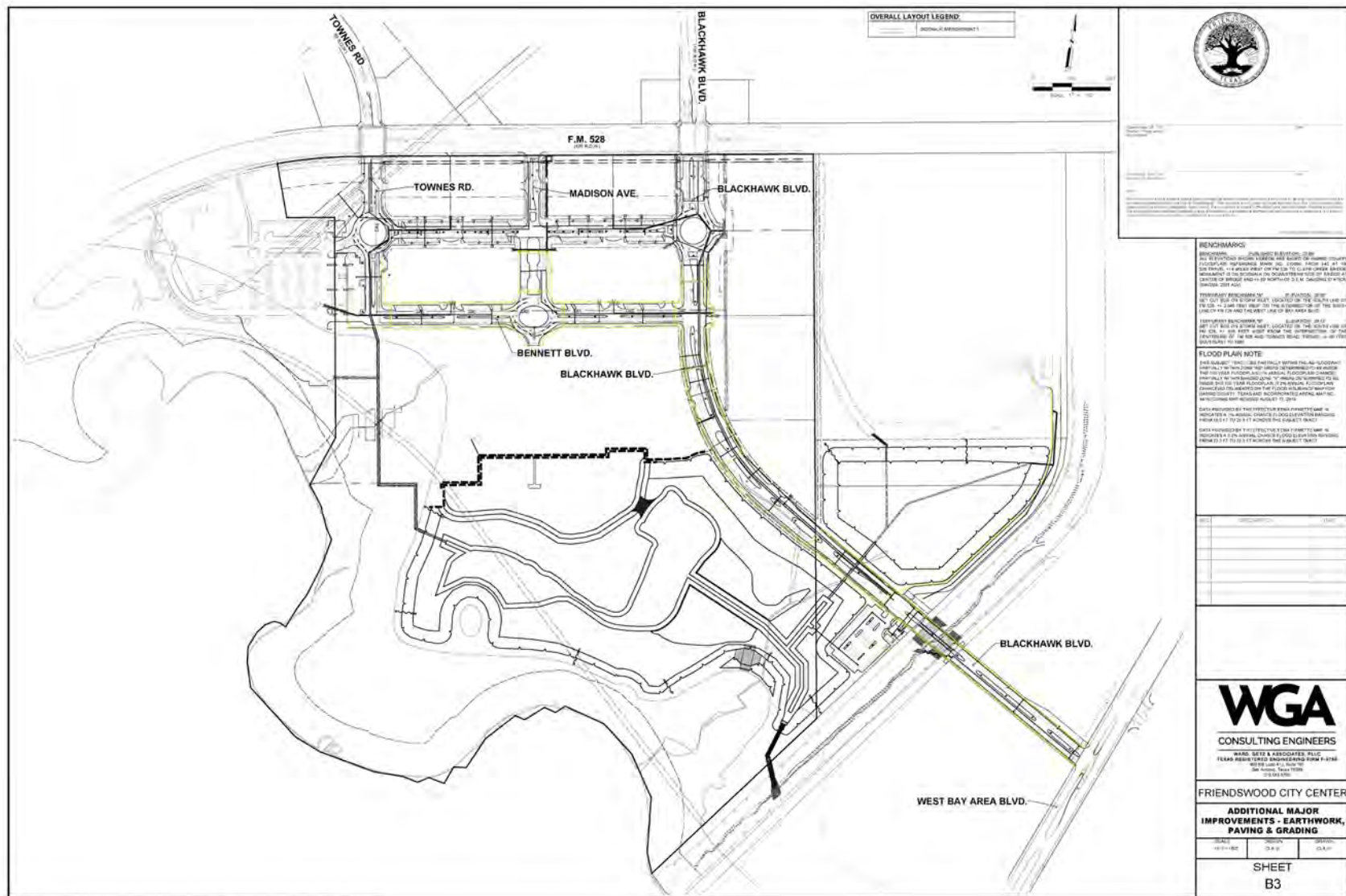
ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT P: FIRE STATION</u>					
1.	Fire Station	LS	1	\$ 1,032,520.00	\$ 1,032,520
UNIT P SUB-TOTAL BID					\$ 1,032,520

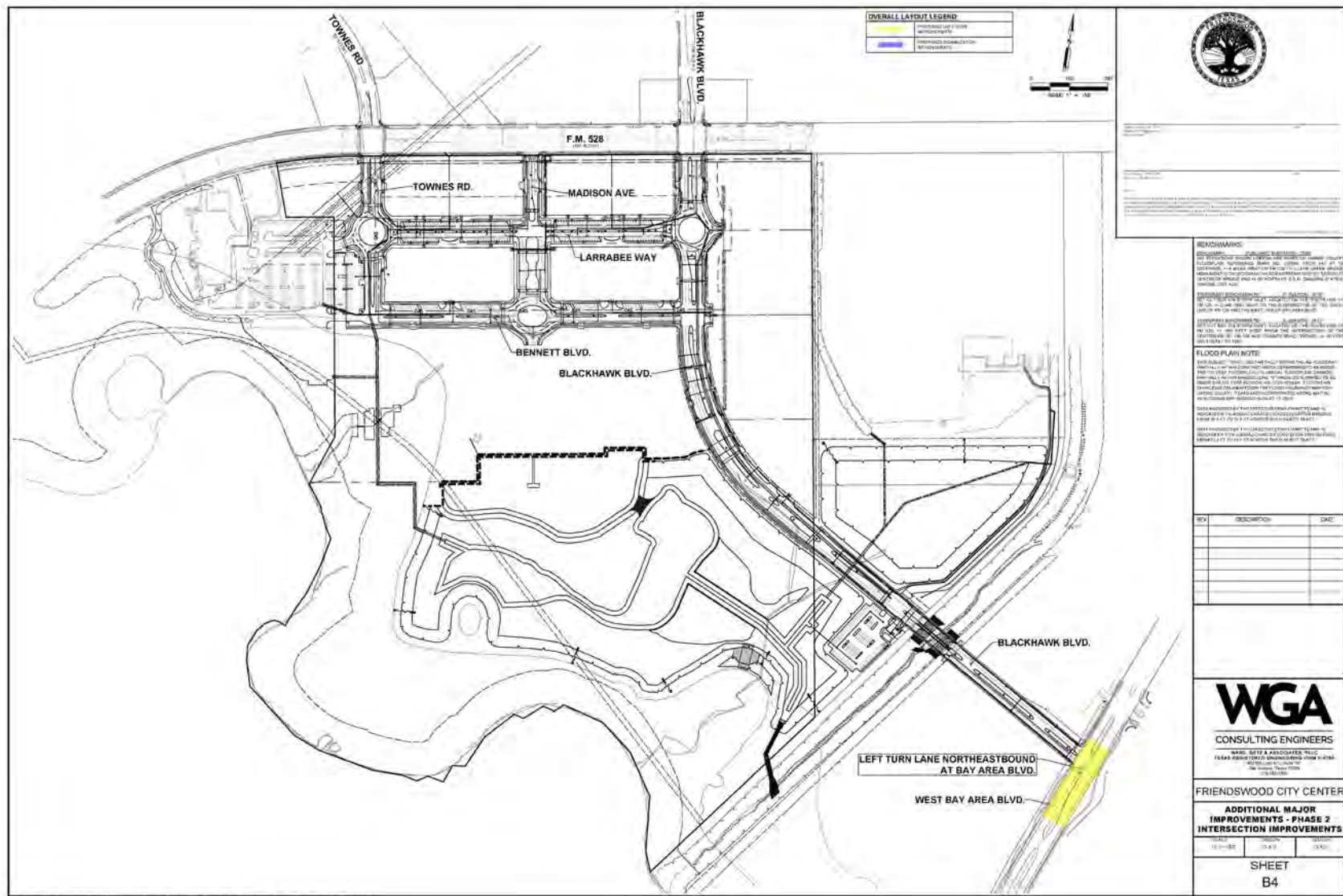
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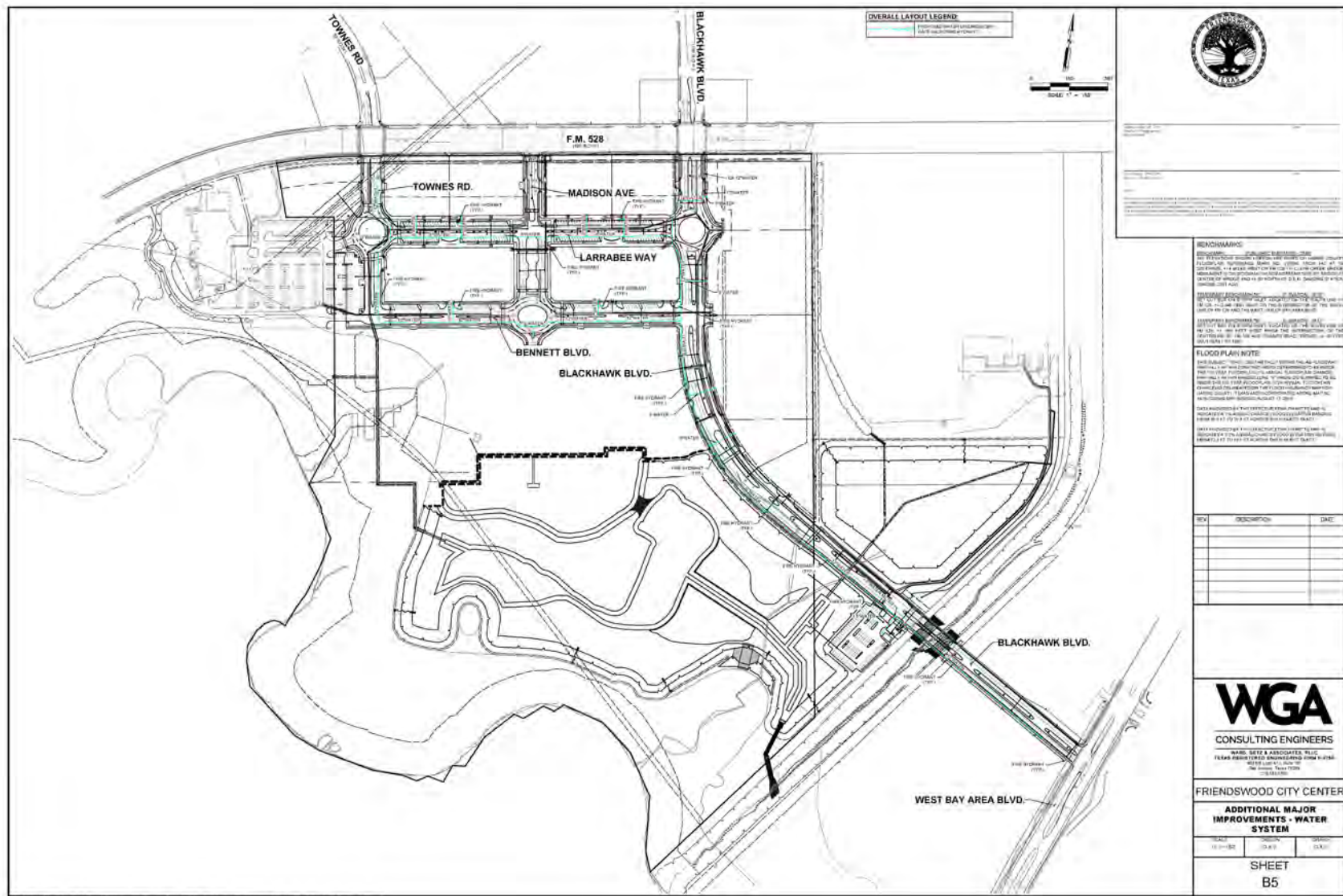
FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
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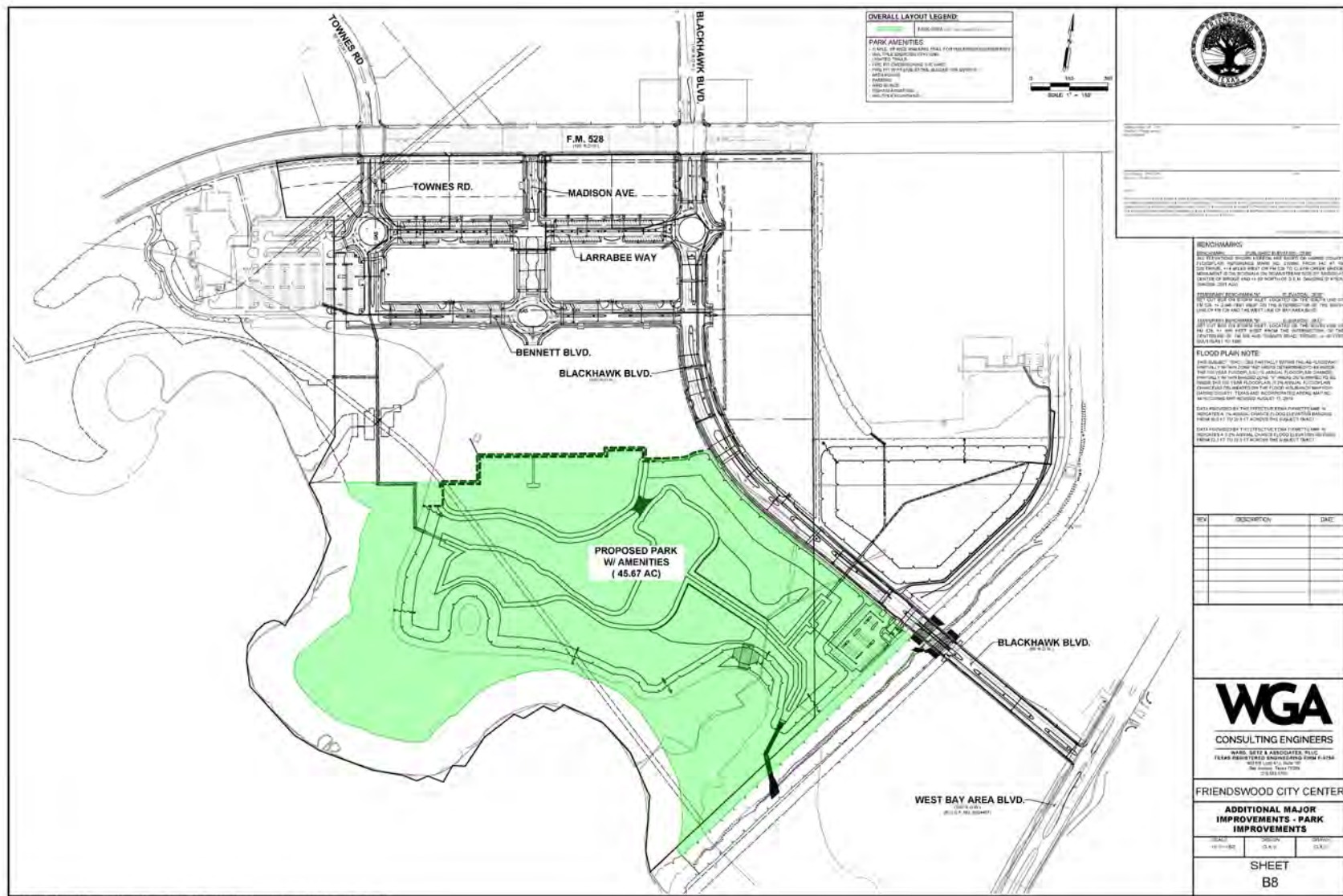
<u>UNIT Q: PROFESSIONAL FEES</u>	Amount
<u>Other Engineering & Professional Fees</u>	
Engineering & Surveying through Change Order No. 6	\$ 959,050
Geotechnical Engineering	\$ 47,151
Surveying by Boundary 1	\$ 14,354
Diamond Development Group	\$ 1,861,293
Legal - Wolfgramm	\$ 100,000
PID ITEMS SUB-TOTAL BID	\$ 2,981,848
TOTAL UNIT Q: PROFESSIONAL FEES	\$ 2,981,848

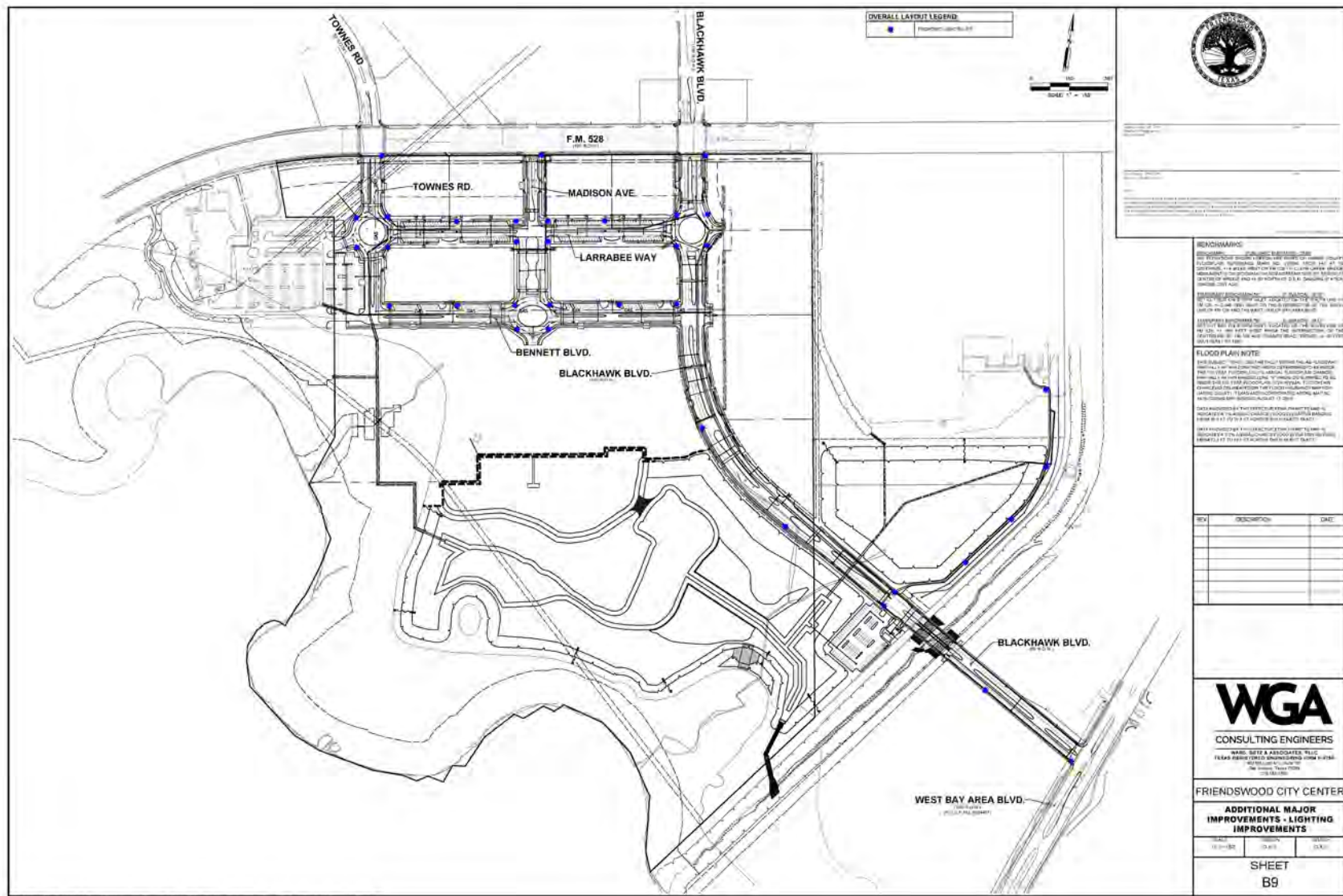
Notes: **1.** All values rounded up to the nearest hundred. **2.** This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

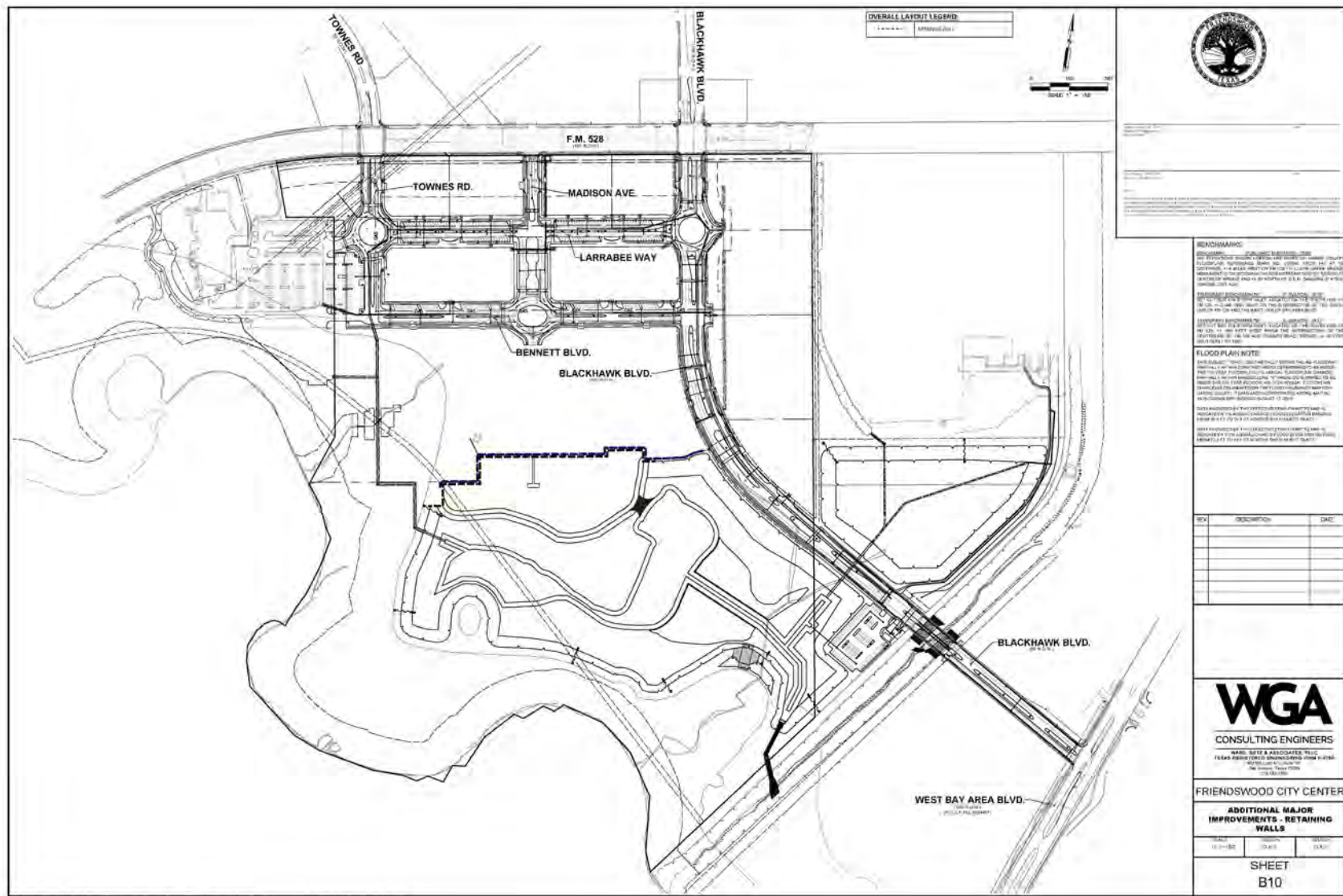












APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this Appendix:

- o Initial Parcel
- o Lot Type 1
- o Lot Type 2
- o Lot Type 3
- o Lot Type 4
- o Lot Type 5

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE INITIAL PARCEL**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

INITIAL PARCEL PRINCIPAL ASSESSMENT: \$55,322,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS - INITIAL PARCEL

	Initial Major Improvement Bonds								Additional Major Improvement Reimbursement Obligation ^[e]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[a]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due		
2025	\$ -	\$ 2,092,708	\$ (2,092,708)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,110	\$ -	\$ -	
2026	\$ -	\$ 2,625,000	\$ (2,625,000)	\$ 45,900	\$ 187,500	\$ -	\$ 45,900	\$ -	\$ -	\$ 35,700	\$ -	\$ -	\$ 89,110	\$ 35,700	\$ 81,600	
2027	\$ 438,000	\$ 2,625,000	\$ -	\$ 46,818	\$ 187,500	\$ -	\$ 3,109,818	\$ 266,000	\$ 1,247,540	\$ 36,414	\$ -	\$ -	\$ 89,110	\$ 1,549,954	\$ 4,659,772	
2028	\$ 469,000	\$ 2,594,340	\$ -	\$ 47,754	\$ 185,310	\$ -	\$ 3,111,094	\$ 282,000	\$ 1,228,920	\$ 37,142	\$ -	\$ -	\$ 87,780	\$ 1,548,062	\$ 4,659,157	
2029	\$ 504,000	\$ 2,561,510	\$ -	\$ 48,709	\$ 182,965	\$ -	\$ 3,114,219	\$ 298,000	\$ 1,209,180	\$ 37,885	\$ -	\$ -	\$ 86,370	\$ 1,545,065	\$ 4,659,285	
2030	\$ 540,000	\$ 2,526,230	\$ -	\$ 49,684	\$ 180,445	\$ -	\$ 3,115,914	\$ 316,000	\$ 1,188,320	\$ 38,643	\$ -	\$ -	\$ 84,880	\$ 1,542,963	\$ 4,658,876	
2031	\$ 580,000	\$ 2,488,430	\$ -	\$ 50,677	\$ 177,745	\$ -	\$ 3,119,107	\$ 335,000	\$ 1,166,200	\$ 39,416	\$ -	\$ -	\$ 83,300	\$ 1,540,616	\$ 4,659,723	
2032	\$ 622,000	\$ 2,447,830	\$ -	\$ 51,691	\$ 174,845	\$ -	\$ 3,121,521	\$ 355,000	\$ 1,142,750	\$ 40,204	\$ -	\$ -	\$ 81,625	\$ 1,537,954	\$ 4,659,475	
2033	\$ 668,000	\$ 2,404,290	\$ -	\$ 52,725	\$ 171,735	\$ -	\$ 3,125,015	\$ 375,000	\$ 1,117,900	\$ 41,008	\$ -	\$ -	\$ 79,850	\$ 1,533,908	\$ 4,658,923	
2034	\$ 717,000	\$ 2,357,530	\$ -	\$ 53,779	\$ 168,395	\$ -	\$ 3,128,309	\$ 398,000	\$ 1,091,650	\$ 41,828	\$ -	\$ -	\$ 77,975	\$ 1,531,478	\$ 4,659,787	
2035	\$ 770,000	\$ 2,307,340	\$ -	\$ 54,855	\$ 164,810	\$ -	\$ 3,132,195	\$ 421,000	\$ 1,063,790	\$ 42,665	\$ -	\$ -	\$ 75,985	\$ 1,527,455	\$ 4,659,650	
2036	\$ 827,000	\$ 2,253,440	\$ -	\$ 55,952	\$ 160,960	\$ -	\$ 3,136,392	\$ 445,000	\$ 1,034,320	\$ 43,518	\$ -	\$ -	\$ 73,880	\$ 1,522,838	\$ 4,659,230	
2037	\$ 887,000	\$ 2,195,550	\$ -	\$ 57,071	\$ 156,825	\$ -	\$ 3,139,621	\$ 472,000	\$ 1,003,170	\$ 44,388	\$ -	\$ -	\$ 71,655	\$ 1,519,558	\$ 4,659,179	
2038	\$ 953,000	\$ 2,133,460	\$ -	\$ 58,212	\$ 152,390	\$ -	\$ 3,144,672	\$ 499,000	\$ 970,130	\$ 45,276	\$ -	\$ -	\$ 69,295	\$ 1,514,406	\$ 4,659,079	
2039	\$ 1,023,000	\$ 2,066,750	\$ -	\$ 59,377	\$ 147,625	\$ -	\$ 3,149,127	\$ 529,000	\$ 935,200	\$ 46,182	\$ -	\$ -	\$ 66,800	\$ 1,510,382	\$ 4,659,508	
2040	\$ 1,099,000	\$ 1,995,140	\$ -	\$ 60,564	\$ 142,510	\$ -	\$ 3,154,704	\$ 559,000	\$ 898,170	\$ 47,105	\$ -	\$ -	\$ 64,155	\$ 1,504,275	\$ 4,658,979	
2041	\$ 1,180,000	\$ 1,918,210	\$ -	\$ 61,775	\$ 137,015	\$ -	\$ 3,159,985	\$ 592,000	\$ 859,040	\$ 48,047	\$ -	\$ -	\$ 61,360	\$ 1,499,087	\$ 4,659,073	
2042	\$ 1,267,000	\$ 1,835,610	\$ -	\$ 63,011	\$ 131,115	\$ -	\$ 3,165,621	\$ 627,000	\$ 817,600	\$ 49,008	\$ -	\$ -	\$ 58,400	\$ 1,493,608	\$ 4,659,229	
2043	\$ 1,361,000	\$ 1,746,920	\$ -	\$ 64,271	\$ 124,780	\$ -	\$ 3,172,191	\$ 663,000	\$ 773,710	\$ 49,989	\$ -	\$ -	\$ 55,265	\$ 1,486,699	\$ 4,658,890	
2044	\$ 1,462,000	\$ 1,651,650	\$ -	\$ 65,557	\$ 117,975	\$ -	\$ 3,179,207	\$ 702,000	\$ 727,300	\$ 50,988	\$ -	\$ -	\$ 51,950	\$ 1,480,288	\$ 4,659,495	
2045	\$ 1,570,000	\$ 1,549,310	\$ -	\$ 66,868	\$ 110,665	\$ -	\$ 3,186,178	\$ 743,000	\$ 678,160	\$ 52,008	\$ -	\$ -	\$ 48,440	\$ 1,473,168	\$ 4,659,346	
2046	\$ 1,686,000	\$ 1,439,410	\$ -	\$ 68,205	\$ 102,815	\$ -	\$ 3,193,615	\$ 787,000	\$ 626,150	\$ 53,048	\$ -	\$ -	\$ 44,725	\$ 1,466,198	\$ 4,659,813	
2047	\$ 1,812,000	\$ 1,321,390	\$ -	\$ 69,569	\$ 94,385	\$ -	\$ 3,202,959	\$ 831,000	\$ 571,060	\$ 54,109	\$ -	\$ -	\$ 40,790	\$ 1,456,169	\$ 4,659,128	
2048	\$ 1,946,000	\$ 1,194,550	\$ -	\$ 70,960	\$ 85,325	\$ -	\$ 3,211,510	\$ 880,000	\$ 512,890	\$ 55,191	\$ -	\$ -	\$ 36,635	\$ 1,448,081	\$ 4,659,592	
2049	\$ 2,091,000	\$ 1,058,330	\$ -	\$ 72,380	\$ 75,595	\$ -	\$ 3,221,710	\$ 930,000	\$ 451,290	\$ 56,295	\$ -	\$ -	\$ 32,235	\$ 1,437,585	\$ 4,659,295	
2050	\$ 2,246,000	\$ 911,960	\$ -	\$ 73,827	\$ 65,140	\$ -	\$ 3,231,787	\$ 984,000	\$ 386,190	\$ 57,421	\$ -	\$ -	\$ 27,585	\$ 1,427,611	\$ 4,659,398	
2051	\$ 2,413,000	\$ 754,740	\$ -	\$ 75,304	\$ 53,910	\$ -	\$ 3,243,044	\$ 1,040,000	\$ 317,310	\$ 58,570	\$ -	\$ -	\$ 22,665	\$ 1,415,880	\$ 4,658,923	
2052	\$ 2,592,000	\$ 585,830	\$ -	\$ 76,810	\$ 41,845	\$ -	\$ 3,254,640	\$ 1,100,000	\$ 244,510	\$ 59,741	\$ -	\$ -	\$ 17,465	\$ 1,404,251	\$ 4,658,891	
2053	\$ 2,785,000	\$ 404,390	\$ -	\$ 78,346	\$ 28,885	\$ -	\$ 3,267,736	\$ 1,163,000	\$ 167,510	\$ 60,936	\$ -	\$ -	\$ 11,965	\$ 1,391,446	\$ 4,659,182	
2054	\$ 2,992,000	\$ 209,440	\$ -	\$ 79,913	\$ 14,960	\$ (3,201,440)	\$ 79,913	\$ 1,230,000	\$ 86,100	\$ 62,155	\$ (1,513,540)	\$ 6,150	\$ (135,285)	\$ (55,372)		
Total	\$ 37,500,000	\$ 54,256,288	\$ (4,717,708)	\$ 1,780,564	\$ 3,725,970	\$ (3,201,440)	\$ 85,617,704	\$ 17,822,000	\$ 22,516,060	\$ 1,384,883	\$ (1,513,540)	\$ 1,786,510	\$ 40,209,403	\$ 125,827,106		

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 1**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 1 PRINCIPAL ASSESSMENT: \$41.67 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 1

	Initial Major Improvement Bonds								Additional Major Improvements Reimbursement Obligation ^(a)							
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(a)	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due ^(d)		
2025	\$ -	\$ 1.58	\$(1.58)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.07	\$ -	\$ -		
2026	\$ -	\$ 1.98	\$(1.98)	\$ 0.03	\$ 0.14	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.07	\$ 0.03	\$ 0.06		
2027	\$ 0.330	\$ 1.98	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.34	\$ 0.200	\$ 0.94	\$ 0.03	\$ -	\$ 0.07	\$ 1.17	\$ 3.51		
2028	\$ 0.353	\$ 1.95	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.34	\$ 0.212	\$ 0.93	\$ 0.03	\$ -	\$ 0.07	\$ 1.17	\$ 3.51		
2029	\$ 0.380	\$ 1.93	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.35	\$ 0.224	\$ 0.91	\$ 0.03	\$ -	\$ 0.07	\$ 1.16	\$ 3.51		
2030	\$ 0.407	\$ 1.90	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.35	\$ 0.238	\$ 0.90	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2031	\$ 0.437	\$ 1.87	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.252	\$ 0.88	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2032	\$ 0.469	\$ 1.84	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.267	\$ 0.86	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2033	\$ 0.503	\$ 1.81	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.282	\$ 0.84	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2034	\$ 0.540	\$ 1.78	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.36	\$ 0.300	\$ 0.82	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2035	\$ 0.580	\$ 1.74	\$ -	\$ 0.04	\$ 0.12	\$ -	\$ 2.36	\$ 0.317	\$ 0.80	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2036	\$ 0.623	\$ 1.70	\$ -	\$ 0.04	\$ 0.12	\$ -	\$ 2.36	\$ 0.335	\$ 0.78	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2037	\$ 0.668	\$ 1.65	\$ -	\$ 0.04	\$ 0.12	\$ -	\$ 2.37	\$ 0.356	\$ 0.76	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2038	\$ 0.718	\$ 1.61	\$ -	\$ 0.04	\$ 0.11	\$ -	\$ 2.37	\$ 0.376	\$ 0.73	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2039	\$ 0.771	\$ 1.56	\$ -	\$ 0.04	\$ 0.11	\$ -	\$ 2.37	\$ 0.398	\$ 0.70	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2040	\$ 0.828	\$ 1.50	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.38	\$ 0.421	\$ 0.68	\$ 0.04	\$ -	\$ 0.05	\$ 1.13	\$ 3.51		
2041	\$ 0.889	\$ 1.44	\$ -	\$ 0.05	\$ 0.10	\$ -	\$ 2.38	\$ 0.446	\$ 0.65	\$ 0.04	\$ -	\$ 0.05	\$ 1.13	\$ 3.51		
2042	\$ 0.954	\$ 1.38	\$ -	\$ 0.05	\$ 0.10	\$ -	\$ 2.38	\$ 0.472	\$ 0.62	\$ 0.04	\$ -	\$ 0.04	\$ 1.13	\$ 3.51		
2043	\$ 1.025	\$ 1.32	\$ -	\$ 0.05	\$ 0.09	\$ -	\$ 2.39	\$ 0.499	\$ 0.58	\$ 0.04	\$ -	\$ 0.04	\$ 1.12	\$ 3.51		
2044	\$ 1.101	\$ 1.24	\$ -	\$ 0.05	\$ 0.09	\$ -	\$ 2.39	\$ 0.529	\$ 0.55	\$ 0.04	\$ -	\$ 0.04	\$ 1.12	\$ 3.51		
2045	\$ 1.183	\$ 1.17	\$ -	\$ 0.05	\$ 0.08	\$ -	\$ 2.40	\$ 0.560	\$ 0.51	\$ 0.04	\$ -	\$ 0.04	\$ 1.11	\$ 3.51		
2046	\$ 1.270	\$ 1.08	\$ -	\$ 0.05	\$ 0.08	\$ -	\$ 2.41	\$ 0.593	\$ 0.47	\$ 0.04	\$ -	\$ 0.03	\$ 1.10	\$ 3.51		
2047	\$ 1.365	\$ 1.00	\$ -	\$ 0.05	\$ 0.07	\$ -	\$ 2.41	\$ 0.626	\$ 0.43	\$ 0.04	\$ -	\$ 0.03	\$ 1.10	\$ 3.51		
2048	\$ 1.466	\$ 0.90	\$ -	\$ 0.05	\$ 0.06	\$ -	\$ 2.42	\$ 0.663	\$ 0.39	\$ 0.04	\$ -	\$ 0.03	\$ 1.09	\$ 3.51		
2049	\$ 1.575	\$ 0.80	\$ -	\$ 0.05	\$ 0.06	\$ -	\$ 2.43	\$ 0.701	\$ 0.34	\$ 0.04	\$ -	\$ 0.02	\$ 1.08	\$ 3.51		
2050	\$ 1.692	\$ 0.69	\$ -	\$ 0.06	\$ 0.05	\$ -	\$ 2.43	\$ 0.741	\$ 0.29	\$ 0.04	\$ -	\$ 0.02	\$ 1.08	\$ 3.51		
2051	\$ 1.818	\$ 0.57	\$ -	\$ 0.06	\$ 0.04	\$ -	\$ 2.44	\$ 0.783	\$ 0.24	\$ 0.04	\$ -	\$ 0.02	\$ 1.07	\$ 3.51		
2052	\$ 1.953	\$ 0.44	\$ -	\$ 0.06	\$ 0.03	\$ -	\$ 2.45	\$ 0.829	\$ 0.18	\$ 0.05	\$ -	\$ 0.01	\$ 1.06	\$ 3.51		
2053	\$ 2.098	\$ 0.30	\$ -	\$ 0.06	\$ 0.02	\$ -	\$ 2.46	\$ 0.876	\$ 0.13	\$ 0.05	\$ -	\$ 0.01	\$ 1.05	\$ 3.51		
2054	\$ 2.254	\$ 0.16	\$ -	\$ 0.06	\$ 0.01	\$(2.41)	\$ 0.06	\$ 0.927	\$ 0.06	\$ 0.05	\$(1.14)	\$ 0.00	\$(0.10)	\$(0.04)		
Total	\$ 28.25	\$ 40.87	\$(3.55)	\$ 1.34	\$ 2.81	\$(2.41)	\$ 64.50	\$ 13.43	\$ 16.96	\$ 1.04	\$(1.14)	\$ 1.35	\$ 30.29	\$ 94.79		

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

Annual Installment Schedule to Notice
of Obligation to Pay Improvement District Assessment

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 2**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 2 PRINCIPAL ASSESSMENT: \$34.65 per Square Foot “inclusive of common area allocation”

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 2

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^(c)							
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(e)	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due ^(d)	
2025	\$ -	\$ 1.31	\$ (1.31)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.06	\$ -	\$ -	
2026	\$ -	\$ 1.64	\$ (1.64)	\$ 0.03	\$ 0.12	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.06	\$ 0.02	\$ 0.05	
2027	\$ 0.27	\$ 1.64	\$ -	\$ 0.03	\$ 0.12	\$ -	\$ 1.95	\$ 0.17	\$ 0.78	\$ 0.02	\$ -	\$ 0.06	\$ 0.97	\$ 2.92	
2028	\$ 0.29	\$ 1.63	\$ -	\$ 0.03	\$ 0.12	\$ -	\$ 1.95	\$ 0.18	\$ 0.77	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2029	\$ 0.32	\$ 1.60	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.19	\$ 0.76	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2030	\$ 0.34	\$ 1.58	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.20	\$ 0.74	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2031	\$ 0.36	\$ 1.56	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.21	\$ 0.73	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2032	\$ 0.39	\$ 1.53	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.22	\$ 0.72	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2033	\$ 0.42	\$ 1.51	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.23	\$ 0.70	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2034	\$ 0.45	\$ 1.48	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.25	\$ 0.68	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2035	\$ 0.48	\$ 1.45	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.96	\$ 0.26	\$ 0.67	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2036	\$ 0.52	\$ 1.41	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.96	\$ 0.28	\$ 0.65	\$ 0.03	\$ -	\$ 0.05	\$ 0.95	\$ 2.92	
2037	\$ 0.56	\$ 1.38	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.97	\$ 0.30	\$ 0.63	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2038	\$ 0.60	\$ 1.34	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.97	\$ 0.31	\$ 0.61	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2039	\$ 0.64	\$ 1.29	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.97	\$ 0.33	\$ 0.59	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2040	\$ 0.69	\$ 1.25	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.98	\$ 0.35	\$ 0.56	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2041	\$ 0.74	\$ 1.20	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.98	\$ 0.37	\$ 0.54	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2042	\$ 0.79	\$ 1.15	\$ -	\$ 0.04	\$ 0.08	\$ -	\$ 1.98	\$ 0.39	\$ 0.51	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2043	\$ 0.85	\$ 1.09	\$ -	\$ 0.04	\$ 0.08	\$ -	\$ 1.99	\$ 0.42	\$ 0.48	\$ 0.03	\$ -	\$ 0.03	\$ 0.93	\$ 2.92	
2044	\$ 0.92	\$ 1.03	\$ -	\$ 0.04	\$ 0.07	\$ -	\$ 1.99	\$ 0.44	\$ 0.46	\$ 0.03	\$ -	\$ 0.03	\$ 0.93	\$ 2.92	
2045	\$ 0.98	\$ 0.97	\$ -	\$ 0.04	\$ 0.07	\$ -	\$ 2.00	\$ 0.47	\$ 0.42	\$ 0.03	\$ -	\$ 0.03	\$ 0.92	\$ 2.92	
2046	\$ 1.06	\$ 0.90	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 2.00	\$ 0.49	\$ 0.39	\$ 0.03	\$ -	\$ 0.03	\$ 0.92	\$ 2.92	
2047	\$ 1.14	\$ 0.83	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 2.01	\$ 0.52	\$ 0.36	\$ 0.03	\$ -	\$ 0.03	\$ 0.91	\$ 2.92	
2048	\$ 1.22	\$ 0.75	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 2.01	\$ 0.55	\$ 0.32	\$ 0.03	\$ -	\$ 0.02	\$ 0.91	\$ 2.92	
2049	\$ 1.31	\$ 0.66	\$ -	\$ 0.05	\$ 0.05	\$ -	\$ 2.02	\$ 0.58	\$ 0.28	\$ 0.04	\$ -	\$ 0.02	\$ 0.90	\$ 2.92	
2050	\$ 1.41	\$ 0.57	\$ -	\$ 0.05	\$ 0.04	\$ -	\$ 2.02	\$ 0.62	\$ 0.24	\$ 0.04	\$ -	\$ 0.02	\$ 0.89	\$ 2.92	
2051	\$ 1.51	\$ 0.47	\$ -	\$ 0.05	\$ 0.03	\$ -	\$ 2.03	\$ 0.65	\$ 0.20	\$ 0.04	\$ -	\$ 0.01	\$ 0.89	\$ 2.92	
2052	\$ 1.62	\$ 0.37	\$ -	\$ 0.05	\$ 0.03	\$ -	\$ 2.04	\$ 0.69	\$ 0.15	\$ 0.04	\$ -	\$ 0.01	\$ 0.88	\$ 2.92	
2053	\$ 1.74	\$ 0.25	\$ -	\$ 0.05	\$ 0.02	\$ -	\$ 2.05	\$ 0.73	\$ 0.10	\$ 0.04	\$ -	\$ 0.01	\$ 0.87	\$ 2.92	
2054	\$ 1.87	\$ 0.13	\$ -	\$ 0.05	\$ 0.01	\$ (2.01)	\$ 0.05	\$ 0.77	\$ 0.05	\$ 0.04	\$ (0.95)	\$ 0.00	\$ (0.08)	\$ (0.03)	
Total	\$ 23.49	\$ 33.99	\$ (2.96)	\$ 1.12	\$ 2.33	\$ (2.01)	\$ 53.63	\$ 11.16	\$ 14.10	\$ 0.87	\$ (0.95)	\$ 1.12	\$ 25.19	\$ 78.82	

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 3**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 3 PRINCIPAL ASSESSMENT: \$15,682.59 per Key

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER DOOR - LOT TYPE 3

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^[c]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[d]	
2025	\$ -	\$ 593.24	\$ (593.24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25.26	\$ -	\$ -	
2026	\$ -	\$ 744.13	\$ (744.13)	\$ 13.01	\$ 53.15	\$ -	\$ 13.01	\$ -	\$ -	\$ 10.12	\$ -	\$ 25.26	\$ 10.12	\$ 23.13	
2027	\$ 124.16	\$ 744.13	\$ -	\$ 13.27	\$ 53.15	\$ -	\$ 881.57	\$ 75.41	\$ 353.65	\$ 10.32	\$ -	\$ 25.26	\$ 439.38	\$ 1,320.94	
2028	\$ 132.95	\$ 735.44	\$ -	\$ 13.54	\$ 52.53	\$ -	\$ 881.93	\$ 79.94	\$ 348.37	\$ 10.53	\$ -	\$ 24.88	\$ 438.84	\$ 1,320.77	
2029	\$ 142.87	\$ 726.13	\$ -	\$ 13.81	\$ 51.87	\$ -	\$ 882.81	\$ 84.48	\$ 342.78	\$ 10.74	\$ -	\$ 24.48	\$ 437.99	\$ 1,320.81	
2030	\$ 153.08	\$ 716.13	\$ -	\$ 14.08	\$ 51.15	\$ -	\$ 883.29	\$ 89.58	\$ 336.86	\$ 10.95	\$ -	\$ 24.06	\$ 437.40	\$ 1,320.69	
2031	\$ 164.42	\$ 705.42	\$ -	\$ 14.37	\$ 50.39	\$ -	\$ 884.20	\$ 94.97	\$ 330.59	\$ 11.17	\$ -	\$ 23.61	\$ 436.73	\$ 1,320.93	
2032	\$ 176.32	\$ 693.91	\$ -	\$ 14.65	\$ 49.56	\$ -	\$ 884.88	\$ 100.63	\$ 323.94	\$ 11.40	\$ -	\$ 23.14	\$ 435.98	\$ 1,320.86	
2033	\$ 189.36	\$ 681.56	\$ -	\$ 14.95	\$ 48.68	\$ -	\$ 885.87	\$ 106.30	\$ 316.90	\$ 11.62	\$ -	\$ 22.64	\$ 434.83	\$ 1,320.70	
2034	\$ 203.25	\$ 668.31	\$ -	\$ 15.25	\$ 47.74	\$ -	\$ 886.81	\$ 112.82	\$ 309.46	\$ 11.86	\$ -	\$ 22.10	\$ 434.14	\$ 1,320.95	
2035	\$ 218.28	\$ 654.08	\$ -	\$ 15.55	\$ 46.72	\$ -	\$ 887.91	\$ 119.34	\$ 301.56	\$ 12.09	\$ -	\$ 21.54	\$ 433.00	\$ 1,320.91	
2036	\$ 234.44	\$ 638.80	\$ -	\$ 15.86	\$ 45.63	\$ -	\$ 889.10	\$ 126.15	\$ 293.21	\$ 12.34	\$ -	\$ 20.94	\$ 431.69	\$ 1,320.79	
2037	\$ 251.45	\$ 622.39	\$ -	\$ 16.18	\$ 44.46	\$ -	\$ 890.01	\$ 133.80	\$ 284.38	\$ 12.58	\$ -	\$ 20.31	\$ 430.76	\$ 1,320.78	
2038	\$ 270.15	\$ 604.79	\$ -	\$ 16.50	\$ 43.20	\$ -	\$ 891.45	\$ 141.46	\$ 275.01	\$ 12.83	\$ -	\$ 19.64	\$ 429.30	\$ 1,320.75	
2039	\$ 290.00	\$ 585.88	\$ -	\$ 16.83	\$ 41.85	\$ -	\$ 892.71	\$ 149.96	\$ 265.11	\$ 13.09	\$ -	\$ 18.94	\$ 428.16	\$ 1,320.87	
2040	\$ 311.54	\$ 565.58	\$ -	\$ 17.17	\$ 40.40	\$ -	\$ 894.29	\$ 158.46	\$ 254.61	\$ 13.35	\$ -	\$ 18.19	\$ 426.43	\$ 1,320.72	
2041	\$ 334.50	\$ 543.77	\$ -	\$ 17.51	\$ 38.84	\$ -	\$ 895.79	\$ 167.82	\$ 243.52	\$ 13.62	\$ -	\$ 17.39	\$ 424.96	\$ 1,320.75	
2042	\$ 359.17	\$ 520.36	\$ -	\$ 17.86	\$ 37.17	\$ -	\$ 897.38	\$ 177.74	\$ 231.77	\$ 13.89	\$ -	\$ 16.56	\$ 423.41	\$ 1,320.79	
2043	\$ 385.81	\$ 495.21	\$ -	\$ 18.22	\$ 35.37	\$ -	\$ 899.25	\$ 187.95	\$ 219.33	\$ 14.17	\$ -	\$ 15.67	\$ 421.45	\$ 1,320.69	
2044	\$ 414.45	\$ 468.21	\$ -	\$ 18.58	\$ 33.44	\$ -	\$ 901.24	\$ 199.00	\$ 206.17	\$ 14.45	\$ -	\$ 14.73	\$ 419.63	\$ 1,320.87	
2045	\$ 445.06	\$ 439.20	\$ -	\$ 18.96	\$ 31.37	\$ -	\$ 903.21	\$ 210.62	\$ 192.24	\$ 14.74	\$ -	\$ 13.73	\$ 417.61	\$ 1,320.82	
2046	\$ 477.94	\$ 408.04	\$ -	\$ 19.33	\$ 29.15	\$ -	\$ 905.32	\$ 223.10	\$ 177.50	\$ 15.04	\$ -	\$ 12.68	\$ 415.64	\$ 1,320.96	
2047	\$ 513.66	\$ 374.59	\$ -	\$ 19.72	\$ 26.76	\$ -	\$ 907.97	\$ 235.57	\$ 161.88	\$ 15.34	\$ -	\$ 11.56	\$ 412.79	\$ 1,320.76	
2048	\$ 551.65	\$ 338.63	\$ -	\$ 20.12	\$ 24.19	\$ -	\$ 910.39	\$ 249.46	\$ 145.39	\$ 15.65	\$ -	\$ 10.39	\$ 410.50	\$ 1,320.89	
2049	\$ 592.75	\$ 300.01	\$ -	\$ 20.52	\$ 21.43	\$ -	\$ 913.28	\$ 263.63	\$ 127.93	\$ 15.96	\$ -	\$ 9.14	\$ 407.52	\$ 1,320.81	
2050	\$ 636.69	\$ 258.52	\$ -	\$ 20.93	\$ 18.47	\$ -	\$ 916.14	\$ 278.94	\$ 109.48	\$ 16.28	\$ -	\$ 7.82	\$ 404.70	\$ 1,320.84	
2051	\$ 684.03	\$ 213.95	\$ -	\$ 21.35	\$ 15.28	\$ -	\$ 919.33	\$ 294.82	\$ 89.95	\$ 16.60	\$ -	\$ 6.43	\$ 401.37	\$ 1,320.70	
2052	\$ 734.78	\$ 166.07	\$ -	\$ 21.77	\$ 11.86	\$ -	\$ 922.62	\$ 311.83	\$ 69.31	\$ 16.94	\$ -	\$ 4.95	\$ 398.07	\$ 1,320.69	
2053	\$ 789.49	\$ 114.64	\$ -	\$ 22.21	\$ 8.19	\$ -	\$ 926.33	\$ 329.69	\$ 47.49	\$ 17.27	\$ -	\$ 3.39	\$ 394.44	\$ 1,320.78	
2054	\$ 848.17	\$ 59.37	\$ -	\$ 22.65	\$ 4.24	\$ (907.54)	\$ 22.65	\$ 348.68	\$ 24.41	\$ 17.62	\$ (429.06)	\$ 1.74	\$ (38.35)	\$ (15.70)	
Total	\$ 10,630.44	\$ 15,380.48	\$ (1,337.37)	\$ 504.75	\$ 1,056.23	\$ (907.54)	\$ 24,270.76	\$ 5,052.15	\$ 6,382.81	\$ 392.58	\$ (429.06)	\$ 506.44	\$ 11,398.49	\$ 35,669.25	

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 4**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 4 PRINCIPAL ASSESSMENT: \$29.22 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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

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§
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COUNTY OF _____

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 Harris 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

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COUNTY OF _____

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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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 4

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^(e)						
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(g)	Additional Major Improvements Total Annual Installment Due ^(h)	Total Annual Installment Due ⁽ⁱ⁾
2025	\$ -	\$ 1.11	\$(1.11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.05	\$ -	\$ -
2026	\$ -	\$ 1.39	\$(1.39)	\$ 0.02	\$ 0.10	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.05	\$ 0.02	\$ 0.04
2027	\$ 0.23	\$ 1.39	\$ -	\$ 0.02	\$ 0.10	\$ -	\$ 1.64	\$ 0.14	\$ 0.66	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46
2028	\$ 0.25	\$ 1.37	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.64	\$ 0.15	\$ 0.65	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46
2029	\$ 0.27	\$ 1.35	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.64	\$ 0.16	\$ 0.64	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46
2030	\$ 0.29	\$ 1.33	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.65	\$ 0.17	\$ 0.63	\$ 0.02	\$ -	\$ 0.04	\$ 0.82	\$ 2.46
2031	\$ 0.31	\$ 1.31	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.18	\$ 0.62	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46
2032	\$ 0.33	\$ 1.29	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.19	\$ 0.60	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46
2033	\$ 0.35	\$ 1.27	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.20	\$ 0.59	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46
2034	\$ 0.38	\$ 1.25	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.21	\$ 0.58	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46
2035	\$ 0.41	\$ 1.22	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.22	\$ 0.56	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46
2036	\$ 0.44	\$ 1.19	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.66	\$ 0.24	\$ 0.55	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46
2037	\$ 0.47	\$ 1.16	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.25	\$ 0.53	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46
2038	\$ 0.50	\$ 1.13	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.26	\$ 0.51	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46
2039	\$ 0.54	\$ 1.09	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.28	\$ 0.49	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46
2040	\$ 0.58	\$ 1.05	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.67	\$ 0.30	\$ 0.47	\$ 0.02	\$ -	\$ 0.03	\$ 0.79	\$ 2.46
2041	\$ 0.62	\$ 1.01	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.67	\$ 0.31	\$ 0.45	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46
2042	\$ 0.67	\$ 0.97	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.67	\$ 0.33	\$ 0.43	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46
2043	\$ 0.72	\$ 0.92	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.68	\$ 0.35	\$ 0.41	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46
2044	\$ 0.77	\$ 0.87	\$ -	\$ 0.03	\$ 0.06	\$ -	\$ 1.68	\$ 0.37	\$ 0.38	\$ 0.03	\$ -	\$ 0.03	\$ 0.78	\$ 2.46
2045	\$ 0.83	\$ 0.82	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 1.68	\$ 0.39	\$ 0.36	\$ 0.03	\$ -	\$ 0.03	\$ 0.78	\$ 2.46
2046	\$ 0.89	\$ 0.76	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.69	\$ 0.42	\$ 0.33	\$ 0.03	\$ -	\$ 0.02	\$ 0.77	\$ 2.46
2047	\$ 0.96	\$ 0.70	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.69	\$ 0.44	\$ 0.30	\$ 0.03	\$ -	\$ 0.02	\$ 0.77	\$ 2.46
2048	\$ 1.03	\$ 0.63	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.70	\$ 0.46	\$ 0.27	\$ 0.03	\$ -	\$ 0.02	\$ 0.76	\$ 2.46
2049	\$ 1.10	\$ 0.56	\$ -	\$ 0.04	\$ 0.04	\$ -	\$ 1.70	\$ 0.49	\$ 0.24	\$ 0.03	\$ -	\$ 0.02	\$ 0.76	\$ 2.46
2050	\$ 1.19	\$ 0.48	\$ -	\$ 0.04	\$ 0.03	\$ -	\$ 1.71	\$ 0.52	\$ 0.20	\$ 0.03	\$ -	\$ 0.01	\$ 0.75	\$ 2.46
2051	\$ 1.27	\$ 0.40	\$ -	\$ 0.04	\$ 0.03	\$ -	\$ 1.71	\$ 0.55	\$ 0.17	\$ 0.03	\$ -	\$ 0.01	\$ 0.75	\$ 2.46
2052	\$ 1.37	\$ 0.31	\$ -	\$ 0.04	\$ 0.02	\$ -	\$ 1.72	\$ 0.58	\$ 0.13	\$ 0.03	\$ -	\$ 0.01	\$ 0.74	\$ 2.46
2053	\$ 1.47	\$ 0.21	\$ -	\$ 0.04	\$ 0.02	\$ -	\$ 1.73	\$ 0.61	\$ 0.09	\$ 0.03	\$ -	\$ 0.01	\$ 0.73	\$ 2.46
2054	\$ 1.58	\$ 0.11	\$ -	\$ 0.04	\$ 0.01	\$(1.69)	\$ 0.04	\$ 0.65	\$ 0.05	\$ 0.03	\$(0.80)	\$ 0.00	\$(0.07)	\$(0.03)
Total	\$ 19.81	\$ 28.66	\$(2.49)	\$ 0.94	\$ 1.97	\$(1.69)	\$ 45.23	\$ 9.41	\$ 11.89	\$ 0.73	\$(0.80)	\$ 0.94	\$ 21.24	\$ 66.46

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 5**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 5 PRINCIPAL ASSESSMENT: \$47.13 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 5

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^(e)							
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(g)	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due ^(d)	
2025	\$ -	\$ 1.78	\$ (1.78)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.08	\$ -	\$ -	
2026	\$ -	\$ 2.24	\$ (2.24)	\$ 0.04	\$ 0.16	\$ -	\$ 0.04	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.08	\$ 0.03	\$ 0.07	
2027	\$ 0.37	\$ 2.24	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.23	\$ 1.06	\$ 0.03	\$ -	\$ 0.08	\$ 1.32	\$ 3.97	
2028	\$ 0.40	\$ 2.21	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.24	\$ 1.05	\$ 0.03	\$ -	\$ 0.07	\$ 1.32	\$ 3.97	
2029	\$ 0.43	\$ 2.18	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.25	\$ 1.03	\$ 0.03	\$ -	\$ 0.07	\$ 1.32	\$ 3.97	
2030	\$ 0.46	\$ 2.15	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.65	\$ 0.27	\$ 1.01	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97	
2031	\$ 0.49	\$ 2.12	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.29	\$ 0.99	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97	
2032	\$ 0.53	\$ 2.09	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.30	\$ 0.97	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97	
2033	\$ 0.57	\$ 2.05	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.32	\$ 0.95	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97	
2034	\$ 0.61	\$ 2.01	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.34	\$ 0.93	\$ 0.04	\$ -	\$ 0.07	\$ 1.30	\$ 3.97	
2035	\$ 0.66	\$ 1.97	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.36	\$ 0.91	\$ 0.04	\$ -	\$ 0.06	\$ 1.30	\$ 3.97	
2036	\$ 0.70	\$ 1.92	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.38	\$ 0.88	\$ 0.04	\$ -	\$ 0.06	\$ 1.30	\$ 3.97	
2037	\$ 0.76	\$ 1.87	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.67	\$ 0.40	\$ 0.85	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ 3.97	
2038	\$ 0.81	\$ 1.82	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.68	\$ 0.43	\$ 0.83	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ 3.97	
2039	\$ 0.87	\$ 1.76	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.68	\$ 0.45	\$ 0.80	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ 3.97	
2040	\$ 0.94	\$ 1.70	\$ -	\$ 0.05	\$ 0.12	\$ -	\$ 2.69	\$ 0.48	\$ 0.77	\$ 0.04	\$ -	\$ 0.05	\$ 1.28	\$ 3.97	
2041	\$ 1.01	\$ 1.63	\$ -	\$ 0.05	\$ 0.12	\$ -	\$ 2.69	\$ 0.50	\$ 0.73	\$ 0.04	\$ -	\$ 0.05	\$ 1.28	\$ 3.97	
2042	\$ 1.08	\$ 1.56	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.70	\$ 0.53	\$ 0.70	\$ 0.04	\$ -	\$ 0.05	\$ 1.27	\$ 3.97	
2043	\$ 1.16	\$ 1.49	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.70	\$ 0.56	\$ 0.66	\$ 0.04	\$ -	\$ 0.05	\$ 1.27	\$ 3.97	
2044	\$ 1.25	\$ 1.41	\$ -	\$ 0.06	\$ 0.10	\$ -	\$ 2.71	\$ 0.60	\$ 0.62	\$ 0.04	\$ -	\$ 0.04	\$ 1.26	\$ 3.97	
2045	\$ 1.34	\$ 1.32	\$ -	\$ 0.06	\$ 0.09	\$ -	\$ 2.71	\$ 0.63	\$ 0.58	\$ 0.04	\$ -	\$ 0.04	\$ 1.26	\$ 3.97	
2046	\$ 1.44	\$ 1.23	\$ -	\$ 0.06	\$ 0.09	\$ -	\$ 2.72	\$ 0.67	\$ 0.53	\$ 0.05	\$ -	\$ 0.04	\$ 1.25	\$ 3.97	
2047	\$ 1.54	\$ 1.13	\$ -	\$ 0.06	\$ 0.08	\$ -	\$ 2.73	\$ 0.71	\$ 0.49	\$ 0.05	\$ -	\$ 0.03	\$ 1.24	\$ 3.97	
2048	\$ 1.66	\$ 1.02	\$ -	\$ 0.06	\$ 0.07	\$ -	\$ 2.74	\$ 0.75	\$ 0.44	\$ 0.05	\$ -	\$ 0.03	\$ 1.23	\$ 3.97	
2049	\$ 1.78	\$ 0.90	\$ -	\$ 0.06	\$ 0.06	\$ -	\$ 2.74	\$ 0.79	\$ 0.38	\$ 0.05	\$ -	\$ 0.03	\$ 1.22	\$ 3.97	
2050	\$ 1.91	\$ 0.78	\$ -	\$ 0.06	\$ 0.06	\$ -	\$ 2.75	\$ 0.84	\$ 0.33	\$ 0.05	\$ -	\$ 0.02	\$ 1.22	\$ 3.97	
2051	\$ 2.06	\$ 0.64	\$ -	\$ 0.06	\$ 0.05	\$ -	\$ 2.76	\$ 0.89	\$ 0.27	\$ 0.05	\$ -	\$ 0.02	\$ 1.21	\$ 3.97	
2052	\$ 2.21	\$ 0.50	\$ -	\$ 0.07	\$ 0.04	\$ -	\$ 2.77	\$ 0.94	\$ 0.21	\$ 0.05	\$ -	\$ 0.01	\$ 1.20	\$ 3.97	
2053	\$ 2.37	\$ 0.34	\$ -	\$ 0.07	\$ 0.02	\$ -	\$ 2.78	\$ 0.99	\$ 0.14	\$ 0.05	\$ -	\$ 0.01	\$ 1.19	\$ 3.97	
2054	\$ 2.55	\$ 0.18	\$ -	\$ 0.07	\$ 0.01	\$ (2.73)	\$ 0.07	\$ 1.05	\$ 0.07	\$ 0.05	\$ (1.29)	\$ 0.01	\$ (0.12)	\$ (0.05)	
Total	\$ 31.95	\$ 46.22	\$ (4.02)	\$ 1.52	\$ 3.17	\$ (2.73)	\$ 72.94	\$ 15.18	\$ 19.18	\$ 1.18	\$ (1.29)	\$ 1.52	\$ 34.26	\$ 107.20	

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 08/13/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider an ordinance authorizing the issuance and sale of the City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) for the purpose of paying a portion of the costs of authorized improvements within such district, and paying the costs of issuance of the bonds; and authorizing execution of all related documents.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

As has been discussed previously, the PID created for the Friendswood City Center project will finance certain, eligible, public improvements to be constructed by the Developer.

The following ordinance authorizes the issuance and sale of the City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) for the purpose of paying a portion of the costs of authorized improvements within such district, and paying the costs of issuance of the bonds; and authorizing execution of all related documents.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

1. Ordinance - City Center PID Bonds
2. Preliminary Limited Offering Memorandum
3. Supplement to Preliminary Limited Offering Memorandum

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF FRIENDSWOOD, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENT PROJECT); APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, LIMITED OFFERING MEMORANDUM, A CONTINUING DISCLOSURE AGREEMENT, AND OTHER AGREEMENTS AND DOCUMENTS IN CONNECTION THEREWITH; MAKING FINDINGS WITH RESPECT TO THE ISSUANCE OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Friendswood, Texas (the "City"), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (the "PID Act"), has previously established the Friendswood City Center Public Improvement District (the "District"), pursuant to Resolution No. R2024-01 adopted by the City Council of the City (the "City Council") on January 8, 2024; and

WHEREAS, the City is authorized by the PID Act to issue its revenue bonds payable from assessments levied on property within the District (the "Initial Major Improvement Assessments") for the purposes of (i) paying or reimbursing the costs of certain public improvements within the District (the "Initial Major Improvements") identified in a service and assessment plan (the "Service and Assessment Plan"), (ii) paying capitalized interest on Bonds, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) funding a portion of the Delinquency and Prepayment Reserve Account, (v) paying the costs of the organization and administration of the District and (vi) paying the costs of issuing the Bonds; and

WHEREAS, the City Council has found and determined that it is in the best interests of the citizens of the City to issue its bonds in a single series to be designated "City of Friendswood Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvement Project)" (the "Bonds"), such series to be payable solely from and secured by Initial Major Improvement Assessments levied on property within the District (the "Assessed Property") as set forth in the Service and Assessment Plan; and

WHEREAS, the City Council has found and determined to (i) approve the issuance of the Bonds to finance the Initial Major Improvements benefitting the District identified in the Service and Assessment Plan on the terms described herein, (ii) approve the form, terms and provisions of the Indenture (as defined herein) securing the City's Bonds authorized hereby, (iii) approve the form, terms and provisions of a Bond Purchase Agreement between the City and the purchasers of the Bonds, (iv) approve a Limited Offering Memorandum, and (v) approve a Continuing Disclosure Agreement relating to the Bonds; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD,
STATE OF TEXAS:

Section 1. Findings. The findings and determinations set forth in the preamble hereof are hereby incorporated by reference for all purposes as if set forth in full herein. Terms not otherwise defined in Sections 2 through 6 herein shall have the definitions as set forth in the Indenture (defined herein).

Section 2. Approval of Issuance of Bonds and Indenture of Trust.

(a) The issuance of the Bonds in the principal amount of \$_____ for the purpose of providing funds for (i) paying or reimbursing the costs of certain public improvements within the District (the "Initial Major Improvements") identified in a service and assessment plan (the "Service and Assessment Plan"), (ii) paying capitalized interest on Bonds, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) funding a portion of the Delinquency and Prepayment Reserve Account, (v) paying the costs of the organization and administration of the District and (vi) paying the costs of issuing the Bonds, is hereby authorized and approved.

(b) The Bonds shall be issued and secured under an indenture of trust, the form, terms and provisions of which are hereby approved in the substantially final form presented at this meeting of that certain Indenture of Trust (the "Indenture"), dated as of November 1, 2024, between the City and Wilmington Trust, National Association, as trustee (the "Trustee"), with such changes as may be necessary or desirable to carry out the intent of this ordinance and as approved by the Mayor of the City, such approval to be evidenced by the execution and delivery of the Indenture. The Mayor of the City is hereby authorized and directed to execute the Indenture and the City Secretary is hereby authorized and directed to attest to such signature of the Mayor.

(c) The Bonds shall be dated, shall mature on the date or dates and in the principal amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Bonds shall be in substantially the form set forth in the Indenture with such insertions, omissions and modifications as may be required to conform the form of bond to the actual terms of the Bonds. The Bonds shall be payable from and secured solely by the Initial Major Improvement Assessments levied on the Assessed Property for the Authorized Improvements, as set forth in the Service and Assessment Plan and other assets of the "Trust Estate" (as defined in the Indenture) pledged to such Bonds, and shall never be payable from ad valorem taxes.

Section 3. Sale of Bonds: Approval of Bond Purchase Agreement. The Bonds shall be sold to FMSbonds, Inc. (the "Underwriter") at the price and on the terms and provisions set forth in that certain Bond Purchase Agreement (the "Bond Purchase Agreement"), dated the date hereof, between the City and the Underwriter. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved and the Mayor of the City is hereby authorized and directed to execute and deliver the Bond Purchase Agreement. It is hereby

officially found, determined and declared that the terms of this sale are the most advantageous and reasonably obtainable.

Section 4. Limited Offering Memorandum. The form and substance of the Preliminary Limited Offering Memorandum for the Bonds and any addenda, supplements or amendments thereto presented to and considered by the City Council are hereby in all respects approved and adopted. The City hereby authorizes the preparation of a final Limited Offering Memorandum reflecting the terms of the Bond Purchase Agreement and other relevant information. The Limited Offering Memorandum as thus approved and delivered, with such appropriate variations as shall be approved by the City Manager and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds, and the Preliminary Limited Offering Memorandum is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The City Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and any addenda, supplements or amendments thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Limited Offering Memorandum in the offering of the Bonds is hereby ratified, approved and continued. Notwithstanding the execution, approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor, the Mayor and this City Council are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum pertaining to development, the Developer (as defined in the Limited Offering Memorandum) or its financial ability, the homebuilders, the landowners, or the appraisal of the property in the District performed by Integra Realty Resources.

Section 5. Continuing Disclosure Agreement. The form, terms and provisions of that certain Continuing Disclosure Agreement (the "Continuing Disclosure Agreement" dated as of November 1, 2024, among the City, _____ and P3Works, LLC, is hereby authorized and approved in substantially final form presented at this meeting, and the Mayor of the City is hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this ordinance and approved by the Mayor, such approval to be evidenced by the execution thereof. The Mayor's signature on the Agreement may be attested by the City Secretary.

Section 6. Additional Actions. The Mayor, the City Manager, and each other officer, employee and agent of the City are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this ordinance and to issue the Bonds in accordance with the terms of this ordinance, including the making of modifications to this ordinance and the Indenture as necessary to obtain approval of the Bonds by the Attorney General of the State. The Mayor, the City Manager, and each other officer, employee and agent of the City are hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Bonds and the carrying out of the purposes and intent of this ordinance. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the

State of Texas for examination and approval of such Bonds, the appropriate officer of the City is hereby authorized and directed to issue a check of the City payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount not to exceed \$9,500).

Section 7. Effective Date. This ordinance shall take effect immediately from and after its passage by the City Council of the City of Friendswood, Texas.

INTRODUCED, READ AND PASSED on first and final reading by the affirmative vote of the City Council of the City of Friendswood on this the 4th day of November, 2024.

MIKE FOREMAN, Mayor

ATTEST:

LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney

NEW ISSUE

NOT RATED

PROSPECTIVE PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 3(A)(2) THEREIN. NO ACTION HAS BEEN TAKEN TO QUALIFY THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY STATE. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN.

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See “TAX MATTERS” herein, including information regarding potential alternative minimum tax consequences for corporations.

The Bonds WILL NOT be designated as “qualified tax-exempt obligations” for financial institutions.



\$37,500,000*

**CITY OF FRIENDSWOOD, TEXAS,
(a municipal corporation of the State of Texas located in Harris and Galveston Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS PROJECT)**

Dated Date: November 1, 2024

Interest to Accrue from Date of Delivery (defined below)

Due: September 15, as shown on the inside cover

The City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the “Bonds”), are being issued by the City of Friendswood, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 15 and September 15, commencing March 15, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on November 4, 2024, and an Indenture of Trust, dated as of November 1, 2024 (the “Indenture”), to be entered into by and between the City and the Trustee.

Proceeds of the Bonds will be used to provide funds for (i) paying or reimbursing a portion of the Actual Costs of the “Initial Major Improvements” which consist of certain major infrastructure benefitting the Friendswood City Center Public Improvement District (the “District”), (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying the costs of the organization and administration of the District, and (vi) paying the costs of issuance of the Bonds. See “THE INITIAL MAJOR IMPROVEMENTS” and “APPENDIX A — Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of Assessments (as defined herein) levied against assessable properties in the District in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.”

The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX C — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Locke Lord LLP, and for the Developer by its counsel, Winstead PC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about November 27, 2024 (the “Date of Delivery”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: _____ (a)

\$37,500,000*

CITY OF FRIENDSWOOD, TEXAS,

(a municipal corporation of the State of Texas located in Harris and Galveston Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS PROJECT)

\$ _____ % Term Bonds, Due September 15, 20____, Priced to Yield _____%; CUSIP Suffix _____ (a) (c)

\$ _____ % Term Bonds, Due September 15, 20____, Priced to Yield _____%; CUSIP Suffix _____ (a) (b)
(c)

\$ _____ % Term Bonds, Due September 15, 20____, Priced to Yield _____%; CUSIP Suffix _____ (a) (b)
(c)

\$ _____ % Term Bonds, Due September 15, 20____, Priced to Yield _____%; CUSIP Suffix _____ (a) (b)
(c)

* Preliminary; subject to change.

- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services and managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 15, 20____ are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20____, at the redemption price of 100% of the principal amount plus accrued interest to the date of redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

**CITY OF FRIENDSWOOD, TEXAS
CITY COUNCIL**

<u>Council</u>	<u>Position</u>	<u>Term Expires (May)</u>
Mike Foreman	Mayor	2027
Joe Matranga	Mayor Pro Tem	2026
John Ellisor	Councilmember	2027
Sally Branson	Councilmember	2026
Trish Hanks	Councilmember	2027
Robert J. Griffon	Councilmember	2025
Brent Erenwert	Councilmember	2025

CITY MANAGER
Morad Kabiri

CITY SECRETARY
Leticia Brysch

DIRECTOR OF FINANCE
Rhonda Bloskas

ADMINISTRATOR
P3 Works, LLC

FINANCIAL ADVISOR TO THE CITY
BOK Financial Securities, Inc.

BOND COUNSEL
Bracewell LLP

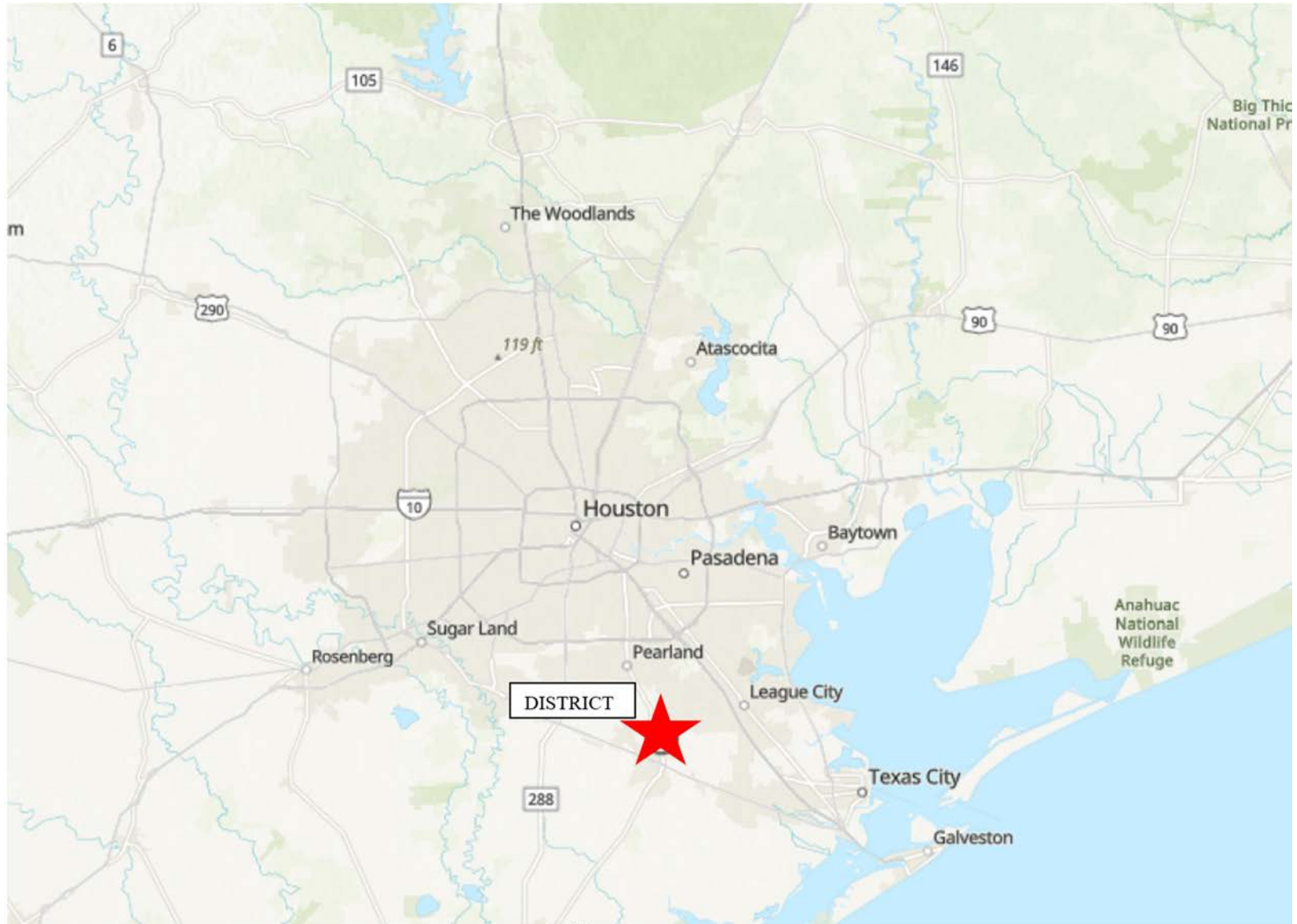
UNDERWRITER'S COUNSEL
Locke Lord LLP

For additional information regarding the City, please contact:

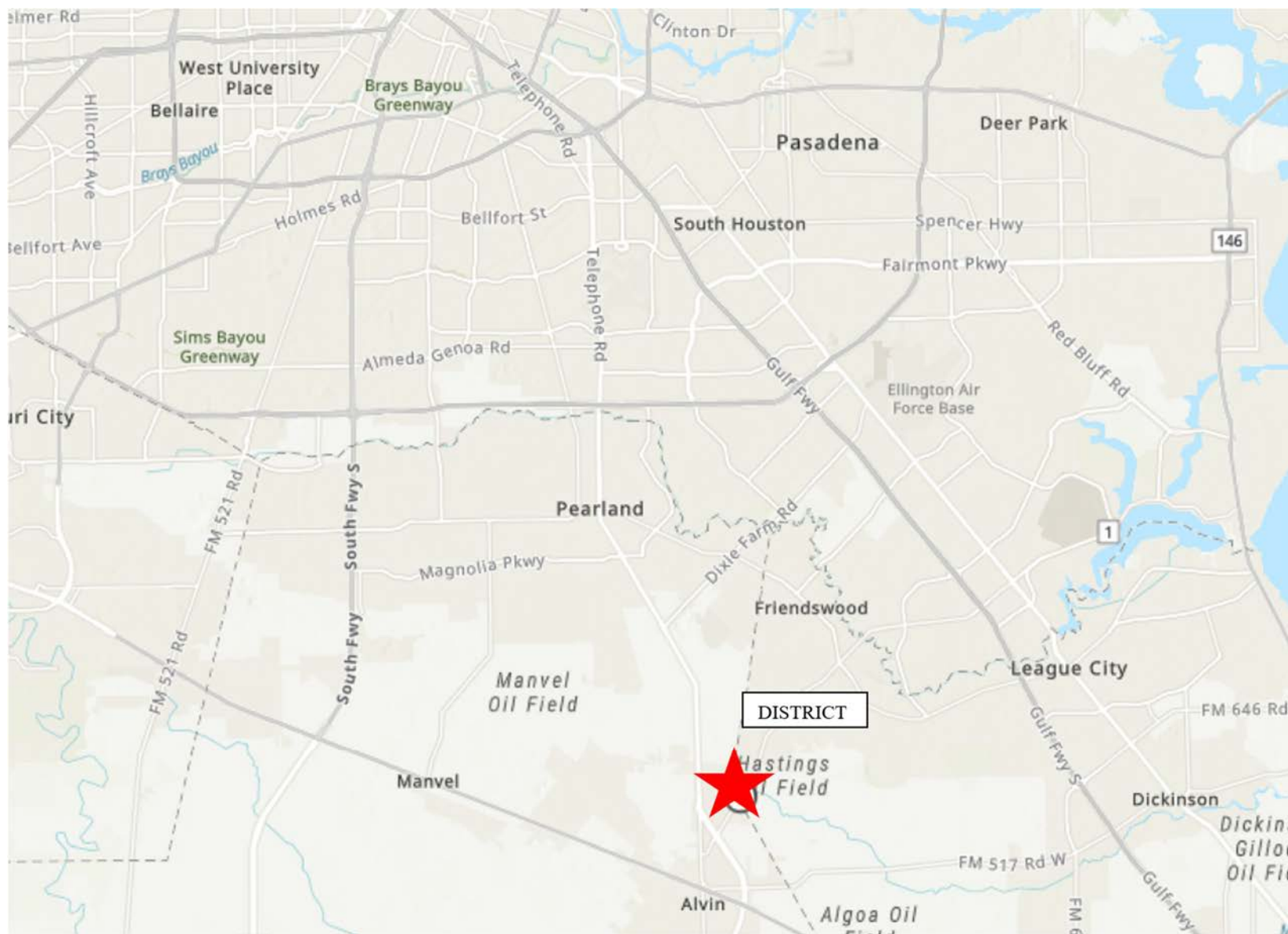
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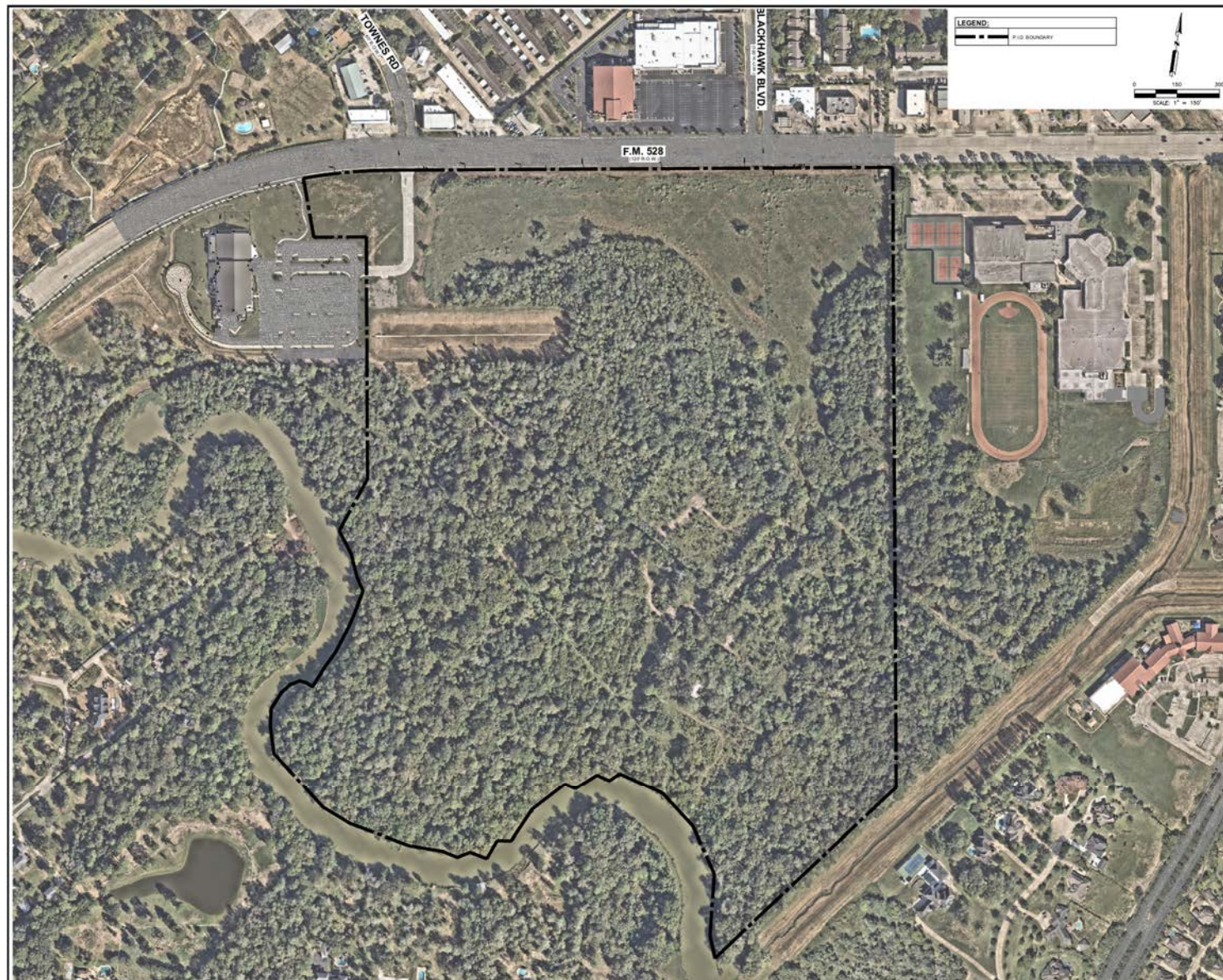
REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT



CONCEPT PLAN FOR DEVELOPABLE LAND IN THE DISTRICT



AERIAL PHOTOGRAPH OF THE DISTRICT

(Taken August 24, 2024)



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

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

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

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

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

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

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

EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER’S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS LIMITED OFFERING MEMORANDUM FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, RULE 15C2-12.

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$37,500,000*

**CITY OF FRIENDSWOOD, TEXAS,
(a municipal corporation of the State of Texas located in Harris and Galveston Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR
IMPROVEMENTS PROJECT)**

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Friendswood, Texas (the “City”), of its \$37,500,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be enacted by the City Council of the City (the “City Council”) on November 4, 2024 (the “Bond Ordinance”), and an Indenture of Trust, dated as of November 1, 2024 (the “Indenture”), to be entered into by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds will be secured by a pledge of and a lien upon the Trust Estate (as defined in the Indenture), consisting primarily of revenue from assessments (“Assessments”) to be levied for the Initial Major Improvements (as defined herein) against assessable property (the “Assessed Property”) located within the Friendswood City Center Public Improvement District (the “District”) pursuant to a separate ordinance expected to be enacted by the City Council on November 4, 2024 (the “Assessment Ordinance”). The City created the District pursuant to a resolution adopted by the City Council on January 8, 2024 (the “Creation Resolution”).

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Friendswood City Center Development Agreement between the City and Madison Development Corp., LLC, a Texas limited liability company (the “Developer”) dated January 22, 2024 (the “Development Agreement”), and P3 Works, LLC (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX A and the Form of Service and Assessment

* Preliminary; subject to change.

Plan appears in APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed in this Limited Offering Memorandum.

PLAN OF FINANCE

The District

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Initial Major Improvements and the Additional Major Improvements (each as defined herein), authorized by the PID Act and approved by the City Council that confer a special benefit on the District.

Development Plan and Plan of Finance

The District contains approximately 106 acres which are being developed as a master-planned mixed-use development expected to consist of approximately 76,408 square feet of building space as inline retail or food retail, 268,800 square feet of mixed use space which includes ground floor retail and condominium/multifamily above ground floor retail, an approximately 115-room hotel with convention space, 194,050 square feet of office/medical building space, and approximately 500 multifamily units (in approximately 750,000 square feet) and a fire station. See “THE DEVELOPMENT — Development Plan.” The boundaries of the District are shown on the “MAP SHOWING BOUNDARIES OF THE DISTRICT” on page v. The District is located entirely within the corporate limits of the City. The Developer will develop the District to provide the necessary infrastructure to achieve vertical development on 12 separate lots, Lots 1-12 as shown on the “CONCEPT PLAN FOR DEVELOPABLE LAND IN THE DISTRICT” appearing on page vi hereof. Vertical development in the District will occur on approximately 40.237 acres. The remainder of land in the District will be parkland, open space, and amenities, all of which will be located in the flood plain.

The Developer purchased the property in the District on February 23, 2023 from Clear Creek Community Church at a purchase price of \$10,000,000. The purchase price was financed with a loan (the “Acquisition Loan”) from b1 Bank (the “Lender”) in the amount of \$6,500,000 and Developer equity. As of October 1, 2024, the outstanding balance on the Acquisition Loan is \$415,458.42.

Subsequent to its purchase of property in the District, the Developer sold five lots (Lot 1, Lot 2, Lot 3, Lot 4 and Lot 5) as more particularly described under “THE DEVELOPER – History and Financing of the District – Acquisition and Subsequent Sales of Land in the District” at a collective sale price of \$6,169,838. The sale of Lot 1 was to a related entity, Lone Star Campus R1 LLC, a special purpose entity affiliated with Wolfgramm Capital (“Wolfgramm”), the manager of the Class D Member of the Developer. The purchase of Lot 1 was funded with an additional loan from the Lender to Lone Star Campus R1 LLC. As of October 1, 2024, such loan is outstanding in the amount of \$1,609,000. See “THE DEVELOPER – History and Financing of the District.” In addition, the Developer is under contract to sell Lot 12 in the District to Lone Star Campus MFH LLC, an additional special purpose entity affiliated with Wolfgramm, pursuant to the Lot 12 Contract (as defined herein), at a sale price of \$20,000,000. See “THE DEVELOPMENT – Expected Vertical Development in the District.”

The infrastructure benefitting the District will be constructed in two phases. The Developer expects to construct improvements consisting of certain roadway, earthwork, paving and grading, clearing, grubbing and demolition, and detention improvements that will benefit the District (the “Initial Major Improvements”) as the first phase of development. Construction of the Initial Major Improvements began in Q2 2024 and is expected to be completed by Q3 2025. As of October 1, 2024, the Developer had expended \$7,580,742 on the costs of the Initial Major Improvements, which was funded with Developer equity and funds provided by the City Contribution (as defined herein).

The Developer expects to construct improvements consisting of certain additional roadway, earthwork, paving and grading, water, wastewater, storm drainage, landscaping, parks and public amenity improvements as well

as a fire station, all of which will benefit the District as more particularly described in the Service and Assessment Plan (the “Additional Major Improvements”) as the second phase of development. Such Additional Major Improvements are more particularly described in the Service and Assessment Plan. See “APPENDIX B — Form of Service and Assessment Plan.” Construction of the Additional Major Improvements other than the fire station is expected to begin in Q2 2025 and be completed in Q2 2026.

Due to the location of Lots 1-5 (abutting FM 528), vertical construction on Lots 1-5 in the District can begin without the completion of the Initial Major Improvements or the Additional Major Improvements. Such vertical construction is expected to begin in Q4 2024 and is currently anticipated to be completed in Q2 2025. The Developer indicates there is a finalized five-year lease for approximately 1,500 sf of office space on Lot 1 and an executed ten-year lease for a 3,000 sf (plus patio space) restaurant on Lot 2. Vertical construction on Lot 8 is expected to begin in December 2025 and be completed in Q4 2027. Vertical construction on Lot 10 is expected to begin in December 2024 and be completed Q4 2026. A two phase vertical construction period is expected for Lot 12 in the District. Vertical construction on Lot 12 is expected to commence in Q1 2025, and phase one of such vertical construction is expected to be completed in Q2 2027. Phase two of such vertical construction is expected to be completed by Q1 2028. The Developer does not currently have a timeline for vertical construction on Lots 6, 7, 9, and 11 in the District. Except for Lot 2, Lot 3, Lot 4 and Lot 5, all lots in the District are expected to be owned by entities affiliated with the Developer and Wolfram and vertical construction on such lots is expected to be completed by such entities. See “THE DEVELOPMENT – Expected Vertical Development in the District” and “THE DEVELOPER.”

The total costs of the Initial Major Improvements (exclusive of any costs of issuance related to the Bonds) are expected to be approximately \$33,840,197*. The City will pay a portion of the project costs for the Initial Major Improvements, in the expected amount of \$25,548,352*, from proceeds of the Bonds. The Developer will submit payment requests for costs actually incurred in developing and constructing the Initial Major Improvements and be paid in accordance with the Indenture and the Development Agreement. See “THE INITIAL MAJOR IMPROVEMENTS – General,” “THE DEVELOPMENT – Development Plan” and “THE DEVELOPMENT AGREEMENT.” In addition, a portion of the costs of the Initial Major Improvements has been paid or will be paid from lawfully available funds of the City set aside for a portion of the drainage improvements included in the Initial Major Improvements (the “City Contribution”). The remaining costs of the Initial Major Improvements will be funded by the Developer using Developer equity.

Construction of the Additional Major Improvements is expected to initially be funded by Developer equity, and, if issued, the Additional Major Improvement Bonds (as defined herein). The City is also expected to contribute funds from the TIRZ (as defined herein) to fund a portion of the fire station pursuant to the TIRZ Development Agreement (as defined herein). See “THE DEVELOPMENT – TIRZ Development Agreement.”

The City and the Developer have entered into the “Friendswood City Center Public Improvement District Reimbursement Agreement” (the “Reimbursement Agreement”) pursuant to which the City has agreed to reimburse the Developer for the costs of “Authorized Improvements” benefitting the District, including the Initial Major Improvements and the Additional Major Improvements. The City expects to levy the Assessments with respect to the Initial Major Improvements pursuant to the Assessment Ordinance, and an additional assessment with respect to the Additional Major Improvements (the “Additional Major Improvement Assessments”) in the amount of \$17,822,000* pursuant to a separate ordinance to be adopted on November 4, 2024 (the “Additional Major Improvement Assessment Ordinance”). The Additional Major Improvement Assessments will secure the City’s reimbursement obligation to the Developer for the Additional Major Improvements (the “Additional Major Improvements Reimbursement Obligation”). **The Additional Major Improvement Assessments constitute a lien on the property in the District that is on parity with the lien for the Assessments; however, the Additional Major Improvement Assessments are not pledged to and do not secure the Bonds.** See “BONDHOLDERS’ RISKS – Assessment Limitations.” The Service and Assessment Plan provides that the Additional Major Improvement Assessments will not begin to be collected until that date which is the earlier of (i) the date on which bonds secured by the Additional Major Improvement Assessments are issued and (ii) at the date which is two years after the date on which the Additional Major Improvement Assessment Ordinance is adopted (the “Additional Major Improvement Assessments Trigger Date”). The Developer expects the City to issue an additional series of bonds secured by the Additional Major

* Preliminary; subject to change.

Improvement Assessments (the “Additional Major Improvement Bonds”) approximately 18 months after the issuance of the Bonds. Such Additional Major Improvement Bonds are expected to refund the Additional Major Improvements Reimbursement Obligation.

The Bonds

Proceeds of the Bonds will be used primarily to provide funds for (i) paying or reimbursing a portion of the Actual Costs of the Initial Major Improvements, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying the costs of the organization and administration of the District, and (vi) paying the costs of issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess may be transferred, at the discretion of the City, to (i) to the Initial Major Improvement Account of the Project Fund or (ii) to the Bond Fund to be used to pay interest on the Bonds. See “THE INITIAL MAJOR IMPROVEMENTS,” “APPENDIX A – Form of Indenture” and “SOURCES AND USES OF FUNDS.”

Payment of the Bonds is secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessments levied against the assessable parcels or lots within the District, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES” and “APPENDIX A – Form of Indenture.”

The Bonds and any Additional Major Improvement Bonds, if issued, shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”), or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds. Any Additional Major Improvement Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum.

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing March 15, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, National Association is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal and any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”); provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000 as a result of partial redemption, then the Authorized Denomination of such Bonds shall be the amount of such Outstanding Bond not less than \$1,000. Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on or after September 15, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 15, 20__, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, but subject to the provisions of the Indenture, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to various provisions of the Indenture. The City written direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement. Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments” and “APPENDIX A — Form of Indenture.”

Mandatory Sinking Fund Redemption. The Bonds set forth below (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account pursuant to the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

<u>\$ Term Bonds Maturing September 15, 20</u>	
<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$
September 15, 20__†	
<u>\$ Term Bonds Maturing September 15, 20</u>	
<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$
September 15, 20__†	

† Stated maturity.

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

The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to the mandatory sinking fund redemption described above, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City AT ANY PRICE and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

Any notice given as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

Additional Provisions with Respect to Partial Redemption. If less than all of the Bonds are to be redeemed pursuant to the Indenture, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

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

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

BOOK-ENTRY ONLY SYSTEM

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an

authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an

Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

- 1) The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
- 2) The Investor is an "accredited investor" under Rule 501 of Regulation D of the Securities Act of 1933 or a "qualified institutional buyer" under Rule 144A of the Securities Act of 1933, and therefore, has

sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

- 3) The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the Investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
- 4) The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.
- 5) The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Initial Major Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for, or in connection with the Investor’s decision to purchase the Bonds except for fraud or willful misconduct, to the extent permitted by law. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.
- 6) The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the District (which has no taxing power), the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Indenture.
- 7) The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.
- 8) The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

SECURITY FOR THE BONDS

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

General

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

NOTWITHSTANDING THE FOREGOING, THE CITY HAS CREATED "REINVESTMENT ZONE NUMBER ONE, CITY OF FRIENDSWOOD" (THE "TIRZ"), WHICH INCLUDES THE LAND WITHIN THE DISTRICT AND CERTAIN ADDITIONAL ADJACENT ACREAGE, AND INTENDS TO USE ANNUAL TAX INCREMENT REVENUE COLLECTED, WHICH TAX INCREMENT REVENUE WILL CONSIST OF AN AMOUNT EQUAL TO 70% OF ALL REAL PROPERTY TAXES LEVIED, ASSESSED AND COLLECTED BY THE CITY WITHIN THE TIRZ ON ALL REAL PROPERTY IN THE DISTRICT TAXABLE BY THE CITY THEREIN, TO PAY A PORTION OF THE COSTS OF CERTAIN INFRASTRUCTURE BENEFITTING THE DISTRICT AND THE TIRZ (INCLUDING THE INITIAL MAJOR IMPROVEMENTS AND CERTAIN ADDITIONAL INFRASTRUCTURE) AS SET FORTH IN THE SERVICE AND ASSESSMENT PLAN AND THE TIRZ PROJECT AND FINANCE PLAN (AS DEFINED HEREIN). SUCH TAX INCREMENT REVENUE, TO THE EXTENT AVAILABLE, IS EXPECTED TO BE USED BY THE CITY TO OFFSET, ON A PARCEL-BY-PARCEL BASIS, ASSESSMENTS USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS. ANY AMOUNT OF SUCH TAX INCREMENT REVENUE USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS WILL RESULT IN A REDUCTION IN ANNUAL INSTALLMENTS OF ASSESSMENTS RELATED TO THE BONDS BY A CORRESPONDING AMOUNT. SUCH TAX INCREMENT REVENUE IS NOT PLEDGED TO THE BONDS UNDER THE INDENTURE. SEE "— TIRZ REVENUES MAY REDUCE ASSESSMENTS" BELOW.

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Pledged Revenues, which consist primarily of Assessments expected to be levied against the Assessed Property within the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX B — Form of Service and Assessment Plan."

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Initial Major Improvements by levying Assessments upon in the Assessed Property of the District benefitted thereby. For a description of the assessment methodology and the amounts of assessments anticipated to be levied in each phase of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX B — Form of Service and Assessment Plan."

Pledged Revenues

The Indenture refers to the Assessments as the “Initial Major Improvement Assessments” and such defined term is sometimes used under this “SECURITY FOR THE BONDS” section to refer to the Assessments. The Indenture refers to the Annual Installments as the “Initial Major Improvement Annual Installments” and such defined term is sometimes used under this “SECURITY FOR THE BONDS” section to refer to the Annual Installments. In addition, pursuant to the Indenture, the following terms are assigned the following meanings:

“Pledged Revenues” are the sum of (i) Initial Major Improvement Annual Installments (excluding the portion of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“Initial Major Improvement Annual Installment” means the Annual Installment of the Initial Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, when collected; and; (4) the pro rata portion of the Annual Collection Costs based on the outstanding Initial Major Improvement Assessments as shown in the Service and Assessment Plan.

“Additional Interest” is the 0.50% additional interest that may be charged on the Initial Major Improvement Assessments pursuant to Section 372.018 of the PID Act and the Indenture.

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

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

TIRZ Revenues May Reduce Assessments

The Assessments to be levied by the City according to the Assessment Ordinance and described in the Service and Assessment Plan are set at a level sufficient to fund a portion of the costs of the Initial Major Improvements.

The City created the TIRZ on December 4, 2023 through the adoption of Ordinance No. 2023-31 (the “TIRZ Creation Ordinance”) pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”) over an area comprising approximately 124.612 acres, which area included the land within the District. The City and the Board of Directors of the TIRZ approved a preliminary project and finance plan for the TIRZ (the “Preliminary Project Plan and Financing Plan”) in December 2023.

The City Council expects to approve a final Project and Finance Plan for the TIRZ (the “TIRZ Project and Finance Plan”) on November 4, 2024. It is expected that the TIRZ Project and Finance Plan will authorize the use of TIRZ Revenues (defined below) for project costs under the TIRZ Act, including those relating to the Initial Major Improvements, the fire station (which constitutes a portion of the Additional Major Improvements), and other projects as provided for in the TIRZ Project and Finance Plan (including amendments or supplements thereto) (such projects, the “TIRZ Projects”).

Pursuant to the TIRZ Act, the tax increment base of the City is the total taxable value of all real property taxable by the City within the TIRZ, determined as of January 1 the year in which the TIRZ was designated as a reinvestment zone (the “Tax Increment Base”). As described in the TIRZ Creation Ordinance, the “Tax Increment” for a year includes 70% of property taxes (based on the ad valorem tax rate in effect on the date of establishment of

the TIRZ), levied and collected by the City within the boundaries of the TIRZ on the Captured Appraised Value. The portion of the Tax Increment derived from the District is expected to be used to reduce Assessments within the District, as described below. Consistent with Section 311.012(b) of the TIRZ Act, the “Captured Appraised Value” of real property taxable by the City for a year is the total appraised value of all real property taxable by the City and located in the TIRZ for that year less the Tax Increment Base.

Pursuant to the Development Agreement, the Service and Assessment Plan, and the TIRZ Project and Finance Plan, the City intends to hold the annual TIRZ Revenues collected from property within the District (the “TIRZ Revenues”) in a dedicated fund (the “TIRZ Fund”) and to dedicate the City ad valorem tax revenue in such TIRZ Fund to pay costs required to administer the TIRZ and to pay a portion of the costs of the Initial Major Improvements through an offset or credit against the Assessments, on a parcel-by-parcel basis, in an amount equal to the TIRZ Annual Credit Amount (as defined in “ASSESSMENT PROCEDURES – Assessment Amounts – *TIRZ Annual Credit Amount*” herein). In the Service and Assessment Plan, the City has established a maximum annual TIRZ credit per Unit/square foot for each Lot Type as described under “ASSESSMENT PROCEDURES – Assessment Amounts – *TIRZ Annual Credit Amount*”. The TIRZ Annual Credit Amount shall not exceed the TIRZ Maximum Annual Credit Amount (as such term is defined in the Service and Assessment Plan).

After the TIRZ Annual Credit Amount is applied to provide a credit towards a portion of the Annual Installment for the Assessed Property, any excess TIRZ Revenues available from the TIRZ Fund shall be held in a segregated account by the City and shall be used to reimburse the Developer for certain public improvements not paid or financed through the District and to provide the Chapter 380 Economic Development Grant to the Developer, as provided for in the TIRZ Development Agreement, or in a manner determined by the City. See “THE DEVELOPMENT – TIRZ Development Agreement.”

THE TIRZ REVENUES, IF AVAILABLE, WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS, AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE SUFFICIENT TIRZ REVENUES TO GENERATE THE MAXIMUM TIRZ ANNUAL CREDIT AMOUNT. THE TIRZ ANNUAL CREDIT AMOUNT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ADMINISTRATIVE EXPENSES AND THE FUNDING OF THE DELINQUENCY AND PREPAYMENT RESERVE ACCOUNT REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS. TIRZ REVENUES GENERATED FROM THE CAPTURED APPRAISED VALUE FOR EACH LOT OR PARCEL IN THE DISTRICT DURING THE DEVELOPMENT OF SUCH LOT OR PARCEL WILL RESULT IN A TIRZ ANNUAL CREDIT AMOUNT WHICH IS NOT SUFFICIENT TO ACHIEVE THE TARGETED AD VALOREM TAX RATE EQUIVALENT. THE TIRZ ANNUAL CREDIT AMOUNT IS NOT EXPECTED TO BE SUFFICIENT TO PROVIDE FOR THE TARGETED AD VALOREM TAX RATE EQUIVALENT ON ANY PARCEL OR LOT UNTIL THE SECOND YEAR THAT FULL BUILDOUT ON ANY SUCH LOT OR PARCEL IS ASSESSED, ASSUMING SUCH PARCEL OR LOT IS DEVELOPED UNDER THE ASSUMPTIONS PROVIDED BY THE DEVELOPER AS DESCRIBED UNDER THE HEADING “THE DEVELOPMENT – DEVELOPMENT PLAN.” SEE ALSO “OVERLAPPING TAXES AND DEBT.”

Collection and Enforcement of Assessments

For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Initial Major Improvement Assessments.

The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Initial Major Improvement Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Initial Major Improvement Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Initial Major Improvement Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or

make payment for the purchase of the delinquent Initial Major Improvement Assessment or the corresponding Assessed Property.

Unconditional Levy of Assessments

The City will impose Assessments on the property within the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds and pursuant to the terms of the Indenture and Service and Assessment Plan may also include an additional 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated on September 1 and shall be billed on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be due when billed in October 2026, and will be delinquent if not paid prior to February 1, 2027.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, an Assessment to pay the annual costs incurred by the City in the administration and operation of the District. The portion of each Annual Installment of an Assessment used to pay such annual administrative costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The Assessments to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance when billed each year and shall be delinquent if not paid by February 1 of the following year. The portion of the Assessments to pay Annual Collection Costs does not secure repayment of the Bonds and does not constitute Pledged Revenues for payment of the Bonds.

There will be no discount for the early payment of Assessments.

The Assessment Lien for Assessments and penalties and interest begins on the effective date of the Assessment Ordinance and will remain in place until the Assessments are paid or until all Bonds are finally paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES" herein.

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

Perfected Security Interest

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues and such pledge is valid, effective, and perfected. In the Indenture, the City covenants that should State law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of such revenues is subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the City will take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur. See "APPENDIX A — Form of Indenture."

Pledged Revenue Fund

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2027 (or the first February 1 when such Pledged Revenues are available), the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of

doubt that portion of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to the Indenture) into the Pledged Revenue Fund. Specifically, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (1) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund amounts sufficient to pay debt service on the Bonds coming due on each Interest Payment Date in the in the current Bond Year,
- (2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement,
- (3) third, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account in an amount sufficient to allow the funds on deposit therein to equal the Delinquency and Prepayment Reserve Requirement, and
- (4) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (3) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in the Indenture.

The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to the Indenture as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Initial Major Improvements Annual Installment collected as Additional Interest shall be deposited pursuant only to (3) above.

From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account of the Pledged Revenue Fund and transfer to the Principal and Interest Account, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

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

Notwithstanding the paragraphs above: (i) when and if collected, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth above and as otherwise directed by the Indenture; (ii) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund; and (iii) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund.

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

After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Initial Major Improvement Assessments for any lawful purposes permitted by the PID Act for which Initial Major Improvement Assessments may be paid.

Initial Major Improvement Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

Any Initial Major Improvement Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Initial Major Improvement Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Bond Fund

No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account, as provided below.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth in the paragraph above, the Trustee shall withdraw *first* from the Delinquency and Prepayment Reserve Account of the Reserve Fund and *second* from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following dates and in the following amounts:

<u>Date</u>	<u>Amount</u>
March 15, 2025	\$
September 15, 2025	\$
March 15, 2026	\$
September 15, 2026	\$

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed in the Indenture shall be transferred, at the direction of the City, to (i) the Initial Major Improvement Account of the Project Fund or (ii) to the Redemption Fund to be used to redeem the Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Initial Major Improvement Account, and Costs of Issuance Account shall be used for the purposes specified in the Indenture. Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds.

Except as otherwise provided in the Indenture, money on deposit in the Initial Major Improvement Account, of the Project Fund shall be used solely to pay the costs of the Initial Major Improvements. Upon receipt of a reviewed and approved Certificate for Payment for any Initial Major Improvement Costs, the Trustee shall make payment for the costs set forth therein, from the Initial Major Improvement Account of the Project Fund. Except as provided in the Indenture, money on deposit in the Initial Major Improvement Account shall be used solely to pay the Initial Major Improvement Costs as set forth in the applicable Certificate for Payment.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Initial Major Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Initial Major Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Initial Major Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Initial Major Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Initial Major Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture and the Initial Major Improvement Account shall be closed.

In making any determination pursuant to the provisions described in this subsection, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

Upon the filing of a City Certificate stating that all Initial Major Improvements have been completed and that all Initial Major Improvement Costs have been paid, or that any such costs are not required to be paid from the Initial Major Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Initial Major Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee and shall close the Initial Major Improvement Account of the Project Fund.

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account may be transferred, at the City's discretion, to (1) the Bond Fund and used to pay interest on the Bonds, or (2) to the Initial Major Improvement Account of the Project Fund and used to pay Initial Major Improvement Costs, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Bond Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Bond Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the Bond Reserve Account Requirement. The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account an amount equal to not less than the Bond Reserve Account Requirement.

Pursuant to the Indenture, the "Bond Reserve Account Requirement" for the Bonds shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the stated principal amount of the Bonds as of the Closing Date; provided, however that subsequent to the Closing Date of the Bonds, such Bond Reserve Account Requirement shall be recalculated and adjusted for compliance with the above upon (a) any transfers made pursuant to the terms of the Indenture, (b) a mandatory sinking fund redemption pursuant to the terms of the Indenture, (c) an optional redemption pursuant to the terms of the Indenture or (d) an extraordinary optional redemption pursuant to the terms of the Indenture. As of the date of issuance of the Bonds, the Bond Reserve Account requirement is \$_____.

Subject to the subsequent paragraph below, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due. Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund, as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than

Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

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

If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

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

Whenever Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be a proportional amount equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

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

The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund and subsequently used for the payment of operating costs directly relating to the Initial Major Improvements will not exceed 5% of sale proceeds of the Bonds.

Delinquency and Prepayment Reserve Account of the Reserve Fund

The Delinquency and Prepayment Reserve Account shall be funded with the proceeds of the Bonds in the amount of the Delinquency and Prepayment Reserve Requirement. "Delinquency and Prepayment Reserve Requirement" means an amount equal to 2.5% of the principal amount of the Outstanding Bonds.

The Delinquency and Prepayment Reserve Account shall be funded initially from proceeds of the Bonds in the amount of the Delinquency and Prepayment Reserve Requirement. When, at the written request of the City Representative on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account is less than the Delinquency and Prepayment Reserve Requirement, Additional Interest shall be collected and deposited to the Delinquency and Prepayment Reserve Account pursuant to the Indenture until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount

of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with the Indenture), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer.

Whenever Bonds are to be redeemed with the proceeds of Prepayments, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to the Indenture.

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee. The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to the Indenture.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered pursuant to the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs.

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

In accordance with the Indenture, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered under the Indenture.

Bonds Deemed Paid

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

principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

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

Events of Default

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) the failure of the City to enforce the collection of the Initial Major Improvement Assessments including the prosecution of foreclosure proceedings;
- (iii) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (iv) default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

Immediate Remedies in Event of Default

Upon the happening and continuance of any of the Events of Default described above, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by

other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

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

Whenever moneys are to be applied pursuant to the Indenture, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

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

Application of Revenues and Other Moneys after Event of Default

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

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

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to registered owners of Bonds.

In the event funds are not adequate to cure an Event of Default, the available funds will be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of the Indenture.

The restoration of the City to its prior position after any and all defaults have been cured, as provided above, shall not extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Investment of Funds

Money in any Fund established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in the Indenture. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

Against Encumbrances

Other than bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, other than that specified in the Indenture, or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

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

Additional Obligations; Other Obligations or Other Liens

The City reserves the right, subject to the provisions contained in the Indenture, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

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

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

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SOURCES AND USES OF FUNDS

The following table summarizes the sources and uses of proceeds of the Bonds:

Sources of Funds:

Principal Amount	\$
Total Sources	\$

Uses of Funds:

Deposit to Initial Major Improvement Account of the Project Fund	\$
Deposit to Capitalized Interest Account of Bond Fund	
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to Delinquency and Prepayment Reserve Account of the Reserve Fund	
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to the Administrative Fund	
Underwriter's Discount ⁽¹⁾	
Total Uses	\$

⁽¹⁾ Includes Underwriter's Counsel's fee of \$ ____.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Bonds:

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	\$	\$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
Total	\$	\$	\$

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes and Debt

The District is located in the corporate limits of the City. The land within the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments expected to be levied by the City. Harris County, Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, Port of Houston Authority, and Clear Creek Independent School District (“Clear Creek ISD”) may each levy ad valorem taxes upon land in the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

The following tables reflect the estimated overlapping ad valorem tax rates and overlapping indebtedness payable from ad valorem taxes with respect to property within the District, as well as City debt secured by the Assessments, after delivery of the Bonds.

OVERLAPPING TAX RATES

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate⁽¹⁾</u>
The City	\$0.514172
Harris County	0.385290
Harris Co. Flood Control District	0.048970
Harris Co. Hospital District	0.163480
Harris Co. Department of Education	0.004799
Port of Houston Authority	0.006150
Clear Creek ISD	<u>0.969000</u>
Total Existing Tax Rate	\$ <u>2.091861</u>
Estimated Average Annual Installment of Assessments as a tax rate equivalent ⁽²⁾	<u>\$0.426113</u>
Less Maximum TIRZ Annual Credit Amount as tax rate equivalent ^{(2),(3)}	\$(<u>0.359920</u>)
Net Average Annual Installment as tax rate equivalent⁽²⁾	<u>\$0.066192</u>
Estimated average annual installment of Additional Major Improvement Assessments as tax rate equivalent ^{(2), (4)}	<u>\$0.202114</u>
Net Estimated Total Tax Rate, Average Annual Installment, and average annual installment of Additional Major Improvement Assessments in the District as tax rate equivalent⁽²⁾	<u>\$2.360167</u>

⁽¹⁾ As reported by the taxing entities. Per \$100 in taxable assessed value.

⁽²⁾ Preliminary, subject to change. Source: P3Works, LLC. Derived from information presented in the Service and Assessment Plan. See “APPENDIX B — Service and Assessment Plan.” Equivalent tax rate excludes Additional Interest shown on the Assessment Roll as such Additional Interest, while levied and authorized, is not currently expected to be collected due to the expected funding of the Delinquency and Prepayment Reserve in the amount of the Delinquency and Prepayment Reserve Requirement with proceeds of the Bonds. Total may not sum due to rounding.

⁽³⁾ See “SECURITY FOR THE BONDS — TIRZ Revenues May Reduce Assessments.”

⁽⁴⁾ Additional Major Improvement Assessments are not expected to be collected until the Additional Major Improvements Assessment Trigger Date. See “PLAN OF FINANCE.”

Source: Taxing entities and the Administrator.

OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of 10/1/2024</u>	<u>Estimated Percentage Applicable⁽¹⁾</u>	<u>Direct and Estimated Overlapping Debt^{(1),(2)}</u>
The City (Assessments - The Bonds) ⁽²⁾	\$ 37,500,000	100.000%	\$37,500,000
The City (Additional Major Improvement Assessments) ^{(2), (3)}	17,822,000	100.000%	17,822,000
The City (General Obligation)	83,990,000	1.549%	1,301,230
Harris County	2,171,789,039	0.013%	273,270
Harris County Flood Control District	968,445,000	0.013%	124,541
Harris County Hospital District	65,285,000	0.013%	8,325
Harris County Dpt. of Education	28,960,000	0.013%	3,657
Port of Houston Authority	406,509,397	0.013%	51,851
Clear Creek ISD	<u>1,065,675,000</u>	0.263%	<u>2,802,340</u>
TOTAL	<u>\$4,845,975,436</u>		<u>\$59,887,214</u>

⁽¹⁾ Based on the Appraisal for the District and on the Tax Year 2024 Net Taxable Assessed Valuations for the taxing entities.

⁽²⁾ Preliminary, subject to change.

⁽³⁾ Additional Major Improvement Assessments are not expected to be collected until the Additional Major Improvements Assessment Trigger Date. See "PLAN OF FINANCE."

Source: Municipal Advisory Council of Texas

Property Owner's Association

In addition to the Assessments and taxes described above, the Developer anticipates that each lot owner in the District will pay a maintenance and operation fee to a property owners association ("POA") formed within the District.

ASSESSMENT PROCEDURES

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Initial Major Improvements through Assessments, it must adopt a resolution generally describing the Initial Major Improvements and the land within the District to be subject to Assessments to pay the cost therefor.

Capitalized terms used under this "ASSESSMENT PROCEDURES" caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. See "APPENDIX B — Form of Service and Assessment Plan."

The City has caused an assessment roll to be prepared (the "Assessment Roll"), which Assessment Roll shows the land within the District to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll has been filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Initial Major Improvements and funding a portion of the same with Assessments. The City expects to approve the Service and Assessment Plan as part of the Assessment Ordinance. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments of Assessments (referred to the Service and Assessment Plan as "Initial Major Improvement Annual Installments") due in a given year.

The City has also caused an assessment roll to be prepared (the "Additional Major Improvements Assessment Roll"), and the Additional Major Improvements Assessment Roll shows the land within the District to be assessed, the amount of the benefit to and the Additional Major Improvement Assessments against each lot or parcel of land

and the number of Additional Major Improvement Annual Installments in which the Additional Major Improvement Assessments is divided. The Additional Major Improvement Assessments will secure the Additional Major Improvements Reimbursement Obligation. The Additional Major Improvement Assessments will not begin to be collected until that date which is the earlier of (i) the date on which bonds secured by the Additional Major Improvement Assessments are issued and (ii) on the Additional Major Improvement Assessments Trigger Date. The Developer expects the City to issue the Additional Major Improvement Bonds approximately 18 months after the issuance of the Bonds. Such Additional Major Improvement Bonds are expected to refund the Additional Major Improvements Reimbursement Obligation. **The Additional Major Improvement Assessments constitute a lien on the property in the District that is on parity with the lien for the Assessments; however, the Additional Major Improvement Assessments are not pledged to and do not secure the Bonds.** See “BONDHOLDERS’ RISKS – Assessment Limitations.”

Under the PID Act, the costs of the Initial Major Improvements may be assessed by the City against the assessable property in the District so long as the special benefit conferred upon the Assessed Property in the District by the Initial Major Improvements equals or exceeds the Assessments and the costs of the Additional Major Improvements may be assessed by the City against the assessable property in the District so long as the special benefit conferred upon the property to be assessed in the District by the Additional Major Improvements equals or exceeds the Additional Major Improvement Assessments. The costs of the Initial Major Improvements and the Additional Major Improvements may be assessed against property in the District using any methodology that results in the imposition of equal shares of cost on property similarly benefited. The allocation of benefits and assessments to the benefitted land within the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX B — Form of Service and Assessment Plan.” The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District.

The City expects to levy the Assessments and adopt the Assessment Ordinance immediately prior to adopting the Bond Ordinance. After such adoption, the Assessments will become legal, valid and binding liens upon the property against which the Assessments are made. The City expects to levy the Additional Major Improvement Assessments and adopt the Additional Major Improvement Assessment Ordinance at the same meeting at which the Assessment Ordinance is adopted. After such adoption, the Additional Major Improvement Assessments will become legal, valid and binding liens upon the property against which the Additional Major Improvement Assessments are made.

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Initial Major Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Initial Major Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Initial Major Improvements are being funded with proceeds of the Bonds, which are payable from and secured by the Trust Estate, which includes the Pledged Revenues (and consists primarily of the Assessment Revenues). As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs (as defined in the Service and Assessment Plan) associated with the Initial Major Improvements and the Additional Major Improvements will be allocated to the parcels within the District against which the Assessments and the Additional Major Improvement Assessments are levied pro rata based on the estimated build-out value of each.

The Service and Assessment Plan uses classifications of final building lots with similar characteristics (“Lot Type”) as determined by the Administrator and confirmed and approved by the City Council. As used below, the following terms have the following meanings:

“Lot Type 1” means a Lot within the District designated as inline retail or food retail by the Developer.

“Lot Type 2” means a Lot within the District designated as a mixed use building by the Developer.

“Lot Type 3” means a Lot within the District designated as a hotel by the Developer.

“Lot Type 4” means a Lot within the District designated as an office/medical building by the Developer.

“Lot Type 5” means a Lot within the District designated as multi-family which includes corridor retail by the Developer.

The following table provides additional analysis with respect to the assessment methodology and the estimated allocation of the Assessments and the Additional Major Improvement Assessments based on the various lot types as described above. See “APPENDIX B — Service and Assessment Plan.”

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LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE PER UNIT IN THE DISTRICT

Lot/Lot Type	Planned No. of Units/ SF	Estimated Lot Value⁽¹⁾	Estimated Buildout Value⁽²⁾	Assessment⁽⁵⁾	Average Annual Installment^{(3),(4),(5)}	Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value)^{(3),(4),(5)}	Tax Rate Equivalent of Average Annual Installment (per \$100 Estimated Buildout Value)^{(3),(4),(5)}	Leverage (Lot Value)⁽⁵⁾	Leverage (Estimated Buildout Value)⁽⁵⁾
1 (Lot Type 1)	15,000	\$1,450,000	\$8,665,323	\$423,734.33	\$36,924.05	\$2.546486	\$0.426113	3.42	20.45
2 (Lot Type 1)	14,500	\$1,280,000	\$8,376,479	\$409,609.86	\$35,693.24	\$2.788535	\$0.426113	3.12	20.45
3 (Lot Type 1)	16,500	\$1,440,000	\$9,531,855	\$466,107.77	\$40,616.45	\$2.820587	\$0.426113	3.09	20.45
4 (Lot Type 1)	14,500	\$1,390,000	\$8,376,479	\$409,609.86	\$35,693.24	\$2.567859	\$0.426113	3.39	20.45
5 (Lot Type 1)	14,000	\$1,270,000	\$8,087,635	\$395,485.38	\$34,462.44	\$2.713578	\$0.426113	3.21	20.45
6 (Lot Type 2)	100,000	\$3,050,000	\$48,037,840	\$2,349,050.59	\$204,695.40	\$6.711325	\$0.426113	1.30	20.45
7 (Lot Type 1 & 2)	68,800 1,908	\$2,720,000	\$34,152,263	\$1,670,045.82	\$145,527.17	\$5.350264	\$0.426113	1.63	20.45
8 (Lot Type 3)	115	\$2,090,000	\$25,000,000	\$1,222,500.09	\$106,528.21	\$5.097043	\$0.426113	1.71	20.45
9 (Lot Type 2)	100,000	\$3,080,000	\$48,037,840	\$2,349,050.59	\$204,695.40	\$6.645955	\$0.426113	1.31	20.45
10 (Lot Type 4)	125,000	\$2,890,000	\$50,634,749	\$2,476,039.44	\$215,761.13	\$7.465783	\$0.426113	1.17	20.45
11 (Lot Type 4)	69,050	\$1,240,000	\$27,970,632	\$1,367,764.05	\$119,186.45	\$9.611810	\$0.426113	0.91	20.45
12 (Lot Type 5)	750,000	\$16,020,000	\$490,000,000	\$23,961,002.22	\$2,087,953.43	\$13.033417	\$0.426113	0.67	20.45

Source: P3 Works, LLC, and information presented in the Service and Assessment Plan

⁽¹⁾ Per the Appraisal. See “APPRAISAL” and APPENDIX E.

⁽²⁾ Developer estimates.

⁽³⁾ Does not reflect application of TIRZ Annual Credit Amount. See “SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments.”

⁽⁴⁾ Excludes Additional Interest which, while levied and authorized, is not currently expected to be collected on Annual Installments of the Assessments due to the funding of the Delinquency and Prepayment Reserve Account with Bond proceeds. Additional Interest may be collected in the future to replenish the Delinquency and Prepayment Reserve Account as set forth in the Service and Assessment Plan and Indenture.

⁽⁵⁾ Preliminary; subject to change.

Set forth in the table below is a combined lien to value analysis reflecting the Assessments and the Additional Major Improvement Assessments.

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**LIEN TO VALUE ANALYSIS, ASSESSMENT AND ADDITIONAL MAJOR IMPROVEMENT ASSESSMENTS ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE
PER UNIT IN THE DISTRICT**

Lot/Lot Type	Planned No. of Units/ SF	Estimated Lot Value ⁽¹⁾	Estimated Buildout Value ⁽²⁾	Assessment ⁽⁵⁾	Additional Major Improvements Assessment ⁽⁵⁾	Combined Average Annual Installment of Assessments and Additional Major Improvement Assessments ^{(3),(4),(5)}	Tax Rate Equivalent of Average Annual Installment of Assessments and Additional Major Improvement Assessments (per \$100 Lot Value) ^{(3),(4),(5)}	Tax Rate Equivalent of Average Annual Installment of Assessment and Additional Major Improvement Assessments (per \$100 Estimated Buildout Value) ^{(3),(4),(5)}	Total Leverage (Lot Value) ⁽⁵⁾	Total Leverage (Estimated Buildout Value) ⁽⁵⁾
1 (Lot Type 1)	15,000	\$1,450,000	\$8,665,323	\$423,734.33	\$201,381.15	\$54,437.88	\$3.754337	\$0.628227	2.32	13.86
2 (Lot Type 1)	14,500	\$1,280,000	\$8,376,479	\$409,609.86	\$194,668.45	\$52,623.28	\$4.111194	\$0.628227	2.12	13.86
3 (Lot Type 1)	16,500	\$1,440,000	\$9,531,855	\$466,107.77	\$221,519.27	\$59,881.67	\$4.158449	\$0.628227	2.09	13.86
4 (Lot Type 1)	14,500	\$1,390,000	\$8,376,479	\$409,609.86	\$194,668.45	\$52,623.28	\$3.785848	\$0.628227	2.30	13.86
5 (Lot Type 1)	14,000	\$1,270,000	\$8,087,635	\$395,485.38	\$187,955.74	\$50,808.69	\$4.000684	\$0.628227	2.18	13.86
6 (Lot Type 2)	100,000	\$3,050,000	\$48,037,840	\$2,349,050.59	\$1,116,394.13	\$301,786.60	\$9.894643	\$0.628227	0.88	13.86
7 (Lot Type 1 & 2)	68,800 1,908	\$2,720,000	\$34,152,263	\$1,670,045.82	\$793,694.84	\$214,553.68	\$7.888003	\$0.628227	1.10	13.86
8 (Lot Type 3)	115	\$2,090,000	\$25,000,000	\$1,222,500.09	\$580,997.24	\$157,056.71	\$7.514675	\$0.628227	1.16	13.86
9 (Lot Type 2)	100,000	\$3,080,000	\$48,037,840	\$2,349,050.59	\$1,116,394.13	\$301,786.60	\$9.798266	\$0.628227	0.89	13.86
10 (Lot Type 4)	125,000	\$2,890,000	\$50,634,749	\$2,476,039.44	\$1,176,746.00	\$318,101.00	\$11.006955	\$0.628227	0.79	13.86
11 (Lot Type 4)	69,050	\$1,240,000	\$27,970,632	\$1,367,764.05	\$650,034.43	\$175,718.99	\$14.170886	\$0.628227	0.61	13.86
12 (Lot Type 5)	750,000	\$16,020,000	\$490,000,000	\$23,961,002.22	\$11,387,546.17	\$3,078,311.93	\$19.215430	\$0.628227	0.45	13.86

Source: P3 Works, LLC, and information presented in the Service and Assessment Plan

⁽¹⁾ Per the Appraisal. See "APPRAISAL" and APPENDIX E.

⁽²⁾ Developer estimates.

⁽³⁾ Does not reflect application of TIRZ Annual Credit Amount. See "SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments."

⁽⁴⁾ Excludes Additional Interest which, while levied and authorized, is not currently expected to be collected on Annual Installments of the Assessments due to the funding of the Delinquency and Prepayment Reserve Account with Bond proceeds. Additional Interest may be collected in the future to replenish the Delinquency and Prepayment Reserve Account as set forth in the Service and Assessment Plan and Indenture.

⁽⁵⁾ Preliminary; subject to change.

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments and Additional Major Improvement Assessments on parcels similarly situated within the District. The Assessments and interest thereon are expected to be paid in Annual Installments and the Additional Major Improvement Assessments and the interest thereon are expected to be paid in annual installments after the Additional Major Improvements Assessment Trigger Date as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the current and all future owners and developers within the District. See “APPENDIX B — Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

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

In the Indenture, the City will covenant to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City will covenant, agree and warrant that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Initial Major Improvement Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Initial Major Improvement Assessments. Notwithstanding the foregoing, the City shall be permitted to reduce the Assessments by the TIRZ Annual Credit Amount pursuant to the Development Agreement, the TIRZ Project and Finance Plan and the Service and Assessment Plan; provided, however, that no such reduction shall operate to reduce the amounts levied for the payment of the Annual Collection Costs.

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

The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced, as soon as practicable, any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

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

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

Administrative Fund.

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

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

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

Assessment Payer Concentration

The information appearing in the following table illustrates current concentration of Assessment payers in the District and the percentage of Assessments and Additional Major Improvement Assessments to be paid by such property owners.

Property Owner	Acres	Projected SF/Units	Estimated Buildout Value ⁽¹⁾	Percentage of Assessments and Additional Major Improvement Assessments	Projected Assessment ⁽³⁾	Projected Additional Major Improvement Assessments ⁽³⁾
Developer	98.634 ⁽²⁾	1,908 SF Retail 268,800 SF Mixed Use Building 115 Hotel Units 194,050 SF Office 750,000 SF Multi-family/Ground Floor Retail	\$723,833,023	94.388%	\$35,395,452.81	\$16,821,806.93
Lone Star Campus R1 LLC	1.659	15,000 SF Retail	\$8,665,323	1.130%	\$423,734.33	\$201,381.15
Tima Holdings, LLC	1.474	14,500 SF Retail	\$8,376,479	1.092%	\$409,609.86	\$194,668.45
Hill Gage Development, LLC	1.654	16,500 SF Retail	\$9,531,855	1.243%	\$466,107.77	\$221,519.27
Ajay Jain	3.051	28,500 SF Retail	\$16,464,114	2.147%	\$805,095.23	\$382,624.19
TOTAL			\$766,871,099	100.00%	\$37,500,000.00	\$17,822,000.00

- ⁽¹⁾ Totals may not sum due to rounding. Estimated Buildout Value derived from values provided in the Service and Assessment Plan, which values are based on the Appraisal and Developer estimates. See "APPRAISAL," "APPENDIX B – Form of Service and Assessment Plan," and "APPENDIX E – Appraisal." It is noted that building values set forth in the Appraisal for Lots 1-5 are based on as estimated maximum building square footage based on schematics provided for Lots 1-5 and such square footages differ from the projected square footage of vertical retail development shown above.
- ⁽²⁾ Includes approximately 52.07 undevelopable acres expected to be located in the flood plain after the elevation activities described under "THE DEVELOPMENT – Flood Plain Designation," a portion of which will include the development of parks and trails, but will not include any vertical development.
- ⁽³⁾ Preliminary, subject to change.

The Developer is currently the majority owner of property in the District. It is expected that entities owned and/or controlled by the Developer, Wolfgramm, or a joint venture between the Developer and Wolfgramm will develop and own the majority of property in the District in the future and, accordingly, payment of the Assessments and the Additional Major Improvement Assessments is expected to be concentrated in entities controlled by the Developer and/or Wolfgramm for the foreseeable future. See “THE DEVELOPMENT – Expected Vertical Development in the District” and “BONDHOLDERS’ RISKS – Dependence Upon Developer and Related Entities.”

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments are reflected by the methodology described in the Service and Assessment Plan as shown below under “— Maximum Assessment.” The Assessment Roll sets forth for each year the Annual Installment for each Assessed Property consisting of (i) the annual payment allocable to the Bonds, including the Additional Interest for the Initial Major Improvements for each Assessed Property, if such Additional Interest is collected, and (ii) the annual payment allocable to Annual Collection Costs. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See “APPENDIX B — Form of Service and Assessment Plan.”

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

Maximum Assessment. The Service and Assessment Plan establishes a “Maximum Assessment” per Unit/square foot for each Lot Type. See “APPENDIX B — Form of Service and Assessment Plan” and “BONDHOLDERS RISKS – Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption.” In the District, the Maximum Assessment per Unit/square foot for the Initial Major Improvements for each Lot Type is as follows:

<u>Lot Type</u>	<u>Maximum Assessment per Unit/Sq. Ft.*</u>
1	\$28.25
2	\$23.49
3	\$10,630.44
4	\$19.81
5	\$31.95

TIRZ Annual Credit Amount. The City Council, in accordance with the TIRZ Project and Finance Plan, is expected to agree to use a portion of TIRZ Revenues generated from each Assessed Property to offset a portion of the principal and interest of the Assessments through the TIRZ Annual Credit Amount. The TIRZ Annual Credit Amount shall be applied solely to the Assessments and in no event shall a TIRZ Annual Credit Amount be applied to the Additional Major Improvement Assessments. The TIRZ Annual Credit Amount shall be applied as described below.

1. The principal and interest portion of the Annual Installment for an Assessed Property shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Assessed Property for the previous Tax Year up to the Maximum TIRZ Annual Credit Amount for the applicable Lot Type (e.g. TIRZ Revenue collected from the Assessed Property for Tax Year 2025 shall be applied as the TIRZ Annual Credit Amount applicable to the Assessed Property’s Annual Installment collected in Tax Year 2026), but in no event shall the TIRZ Annual Credit Amount exceed the TIRZ Maximum Annual Credit Amount shown in the Service and Assessment Plan.
2. The TIRZ Maximum Annual Credit Amount available to reduce the principal and interest portion of the Annual Installment of the Assessments for an Assessed Property is calculated for each Lot Type, as

* Preliminary; subject to change.

shown in the Service and Assessment Plan. The TIRZ Maximum Annual Credit Amount is calculated so that the average Annual Installment minus the TIRZ Maximum Annual Credit Amount for each Lot Type does not produce an equivalent tax rate for such Lot Type which exceeds the competitive, composite equivalent ad valorem tax rate (\$2.34 per \$100 of assessed value) (the “Targeted Ad Valorem Tax Rate Equivalent”) taking into consideration the 2024 tax rates of all applicable overlapping taxing units and the equivalent tax rate of the Annual Installment based on the Estimated Buildout Values at the time Assessment Ordinance is approved. The resulting TIRZ Maximum Annual Credit Amount for Unit/square foot for each Lot Type is shown below.

TIRZ Maximum Annual Credit Amount per Unit/Sq. Ft. for each Lot Type in the District

<u>Lot Type</u>	<u>Maximum TIRZ Annual Credit Amount per Unit/Sq. Ft. *</u>
1	\$2.079
2	\$1.729
3	\$782.436
4	\$1.458
5	\$2.351

3. After the TIRZ Annual Credit Amount is applied to provide a credit towards the principal and interest portion of the Annual Installments for the Assessed Property, any excess TIRZ Revenues available from the TIRZ Fund shall be applied pursuant to the TIRZ Project Plan.

The TIRZ Revenues are generated only from ad valorem taxes levied and collected by the City on the captured appraised value of property within the District in the TIRZ in any year. Consequently, TIRZ Revenues are generated only if the appraised value of real property in the District in any year is greater than the base value. Any delay or failure of Developer or other property owners to develop the District or construct vertical improvements in the District may result in a reduced amount of the TIRZ Revenue being available to credit the Assessments. **TIRZ Revenues generated from the captured appraised value for each Lot or parcel in the District during the development of such Lot or parcel will result in a TIRZ Annual Credit Amount which is not sufficient to achieve the Targeted Ad Valorem Tax Rate Equivalent. The TIRZ Annual Credit Amount is not expected to be sufficient to provide for the Targeted Ad Valorem Tax Rate Equivalent on any parcel or Lot until the second year that full buildout on any on such Lot or parcel is assessed, assuming such parcel or Lot is developed under the assumptions provided by the Developer as described under the heading “THE DEVELOPMENT – Development Plan.” See also “OVERLAPPING TAXES AND DEBT.” Such TIRZ Revenues, if available, are not pledged as security for the Bonds under the Indenture.**

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments will be initially allocated to the Assessed Property within the District pro rata based on the estimated build-out value of each Parcel.

Reallocation of Assessments. The Assessments and Major Improvement Area Assessments levied on an Assessed Property shall be reallocated upon subdivision or consolidation of an Assessed Property as follows.

Upon Division Prior to Recording of Subdivision Plat or Declaration. Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

* Preliminary; subject to change.

- A = the Assessment for the newly divided Assessed Property
- B = the Assessment for the Assessed Property prior to division
- C = the Estimated Buildout Value of the newly divided Assessed Property
- D = the sum of the Estimated Buildout Value for all of the newly Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Owner, relying on information from builders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for each Lot Type are shown above under “— Assessment Methodology” and in the Service and Assessment Plan and will not change in future Annual Service Plan Updates, however, the number of Lot Types may change in future Annual Service Plan Updates to account for additional Lot Types, if any. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under State law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

Upon Subdivision by a Recorded Subdivision Plat or Recorded Declaration. Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for the newly subdivided Lot
- B = the Assessment for the Parcel prior to subdivision
- C = the sum of the Estimated Buildout Value of all newly subdivided Lots with same Lot Type
- D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefitted Property
- E = the number of newly subdivided Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat or recorded declaration. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Owner, builders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for each Lot Type are shown above under “— Assessment Methodology” and in the Service and Assessment Plan and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

Upon Consolidation. If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to the Service and Assessment Plan.

Reduction of Assessments. If the Actual Costs of completed Initial Major Improvements are less than the Assessments, then, the Trustee shall apply amounts on deposit in the Project Fund as directed by the City pursuant to the terms of the Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as Assessments. Such excess Bond proceeds may be used for any purpose authorized by the Indenture. Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Bonds.

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

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay all or part of any Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. In addition to such voluntary prepayments, the Service and Assessment Plan provides for certain mandatory prepayments or “true ups” of Assessments upon the occurrence of such certain events (such voluntary or mandatory prepayments/true ups, a “Prepayment”). Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

Mandatory Prepayment of Assessments

Voluntary Prepayment. The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the applicable Assessment Rolls revised accordingly; (2) the Administrator shall prepare the revised Assessment Rolls and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable “Notice of Assessment Termination.”

If an Assessment on an Assessed Property is prepaid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to reflect the amount of the Assessment remaining after such partial prepayment on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

Transfer of Property to Exempt Person or Entity. If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefitted Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefitted Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer; provided that, however, such mandatory Prepayment of the Assessment shall not be required for portions of a Parcel that are dedicated or conveyed to the City, a property owner association, any other governmental entity or utility provider for use as internal roads, utilities, parks, drainage and detention facilities, and other similar public improvements, in which case the Assessment that was allocated to the Parcel will be reallocated to the remainder of the Parcel. If a reallocation to the remainder of the Parcel as provided in the foregoing sentence causes the Assessment for such remainder to exceed the Maximum Assessment, the owner

of the remainder of the Parcel must partially prepay the Assessment to the extent it exceeds the Maximum Assessment in an amount sufficient to reduce the Assessment to the Maximum Assessment.

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the “Remaining Property”) following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of the Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

True-Up of Assessments if Maximum Assessment Exceeded. Upon submission of a preliminary plat and/or site plan by the Owner to the City, the Owner shall provide the City the gross building square footage and use type for land included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The Administrator will review the preliminary plat and/or site plan to determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the Administrator determines the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the City issuing any building permit for any such Lot described in

the reviewed preliminary plat or site plan, the Owner will make a Prepayment in an amount sufficient to reduce the Assessment for each Lot within such preliminary plat and/or site plan to the Maximum Assessment. The City's approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts does not eliminate the obligation of the Owner to pay such amounts.

By way of illustration, if a block is initially anticipated to contain 1,000 square feet of commercial property subject to a Maximum Assessment of \$10 per square foot, the block would initially be allocated a total Assessment of \$10,000. If the Developer then submits to the City and Administrator a Preliminary Site Plan showing only 800 square feet of commercial property on said block, the Owner will be required to make or cause to be made a Prepayment in an amount sufficient to reduce the Assessment allocated to said block to the Maximum Assessment of \$10 per square foot, which is calculated using the following formula:

$$A = B - (C * D)$$

Where the terms have the following meanings:

A = the Prepayment amount

B = the Assessment originally allocated to the Assessed Property

C = the number of units in the Assessed Property per the Preliminary Site Plan

D = the Maximum Assessment per unit

	Square Footage	Assessment	Assessment per Square Foot ^[a]
Initially Anticipated:	1,000	\$ 10,000.00	\$ 10.00
Site Plan:	800	\$ 10,000.00	\$ 12.50
Post-Prepayment ^[b] :	800	\$ 8,000.00	\$ 10.00

Footnotes:

[a] The Maximum Assessment per square foot is \$10.00.

[b] The Mandatory Prepayment amount required in this example to reduce the Assessment per square foot back down to the maximum of \$10.00 is \$2,000.00 (10,000 - (800 * 10) = 2,000).

See "BONDHOLDERS RISKS" – Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption." See also "APPENDIX B – Form of Service and Assessment Plan."

Priority of Lien

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

Foreclosure Proceedings

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

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may

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

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

In the Indenture, the City creates the Bond Reserve Account and the Delinquency and Prepayment Reserve Account under the Reserve Fund and will fund such accounts as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If amounts in the Administrative Fund are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE BONDS – Bond Reserve Account of the Reserve Fund” and “– Delinquency and Prepayment Reserve Account of the Reserve Fund,” “APPENDIX A – Form of Indenture” and “APPENDIX B – Form of Service and Assessment Plan.”

THE CITY

Background

The City is located in Galveston and Harris Counties, 22 miles south of the City of Houston. Access to the City is provided by Interstate 45 and TX-35. The City covers approximately 21 square miles. The City’s location as part of the growing Houston – The Woodlands – Sugar Land metropolitan area has resulted in continuous growth over the last several years. The City’s 2020 census population was 41,213. The City’s current population estimate is 42,757.

City Government

The City is a political subdivision and home-rule municipal corporation of the State of Texas, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City first adopted its Charter in 1971, and operates under the Council/Manager form of government with a City Council comprised of the Mayor and six Council Members. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are police, emergency medical services, including all facilities, equipment and personnel, highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The current members of the City Council and their respective expiration of terms of office are set forth on page ii hereof.

City Water and Wastewater Systems

The City will provide both water and wastewater service to the District. The City’s water distribution system and wastewater collection and discharge systems have sufficient capacity to provide water and wastewater service to the District.

The City purchases water from the City of Houston which provides water to the City through the Southeast Water Purification Plant. The City's surface water comes from Lake Livingston and the Trinity River, which is treated at two surface water plants. The City also provides water through water production facilities consisting of 6 water wells with a total capacity of 9.39 million gallons per day ("MGD") and 2 surface water booster stations capable of pumping 12.0 MGD. The system's total water capacity available to the City is 21.39 MGD. The distribution system consists of over 226.5 miles of 4" – 24" water lines, two 1 million gallon elevated tanks and 10 ground storage tanks with a total capacity of over 5.5 MGD.

The City is in the process of designing and engineering a new 24" water line to improve the City's water pressure and quality, and will also increase the amount of water that can travel through the City. Construction of the new water line began in 2024 and is expected to be completed in 2027. In addition, the City of Houston is partnering with member cities participating in the Southeast Water Purification Plant to upgrade the facilities transmission line to the Southeast Water Purification Plant. Design and engineering work on such line is underway, and construction is expected to be bid for such line in 2025.

The City has entered into an agreement with the Gulf Coast Waste Disposal Authority for the operation and maintenance of a joint treatment plant known as the Blackhawk Regional Waste Treatment Plant which serves the City and certain surrounding areas. The Blackhawk Regional Waste Treatment Plant has a capacity of 9.25 MGD. Additional sewer facilities consist of 42 lift stations and over 182 miles of sewer lines ranging in size from 4" – 36" diameter.

Several new lift stations will be constructed by developers in residential communities within the City within the next 5 years. Such lift stations will be maintained by the City upon completion and acceptance of the developments/subdivisions.

Major Employers

The major employers in the City are set forth in the table below.

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Friendswood ISD	Education	817
HEB	Retail	505
City of Friendswood	Government	258
Kroger	Retail	226
Clear Creek ISD	Education	173
McDonalds	Restaurant	102
Friendship Haven Nursing Home	Nursing Home	100
U.S. Post Office	Mailing Service	75
Morada (Formerly Atria)	Nursing Homes	72

Source: 2023 City of Friendswood Comprehensive Annual Financial Report

Historical Employment in the City

	Average Annual				
	<u>2024⁽¹⁾</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Civilian Labor Force	21,284	20,652	20,001	19,455	19,070
Total Employed	20,439	19,892	19,283	18,463	17,818
Total Unemployed	845	760	718	992	1,252
Unemployment Rate	4.0%	3.7%	3.6%	5.1%	6.6%

⁽¹⁾ Source: Texas Workforce Commission.

⁽²⁾ Data through August 2024.

Surrounding Economic Activity

The major employers of municipalities surrounding the City are set forth in the table below.

City of Houston		City of Galveston		City of Baytown	
Approximately 22 miles from the City		Approximately 10 miles from the City		Approximately 25 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
Amazon	Unpublished	University of Texas Medical Branch	9,627	Goose Creek Consolidated ISD	4,000
CHI St. Luke's Health	Unpublished	Landry's Seafood Restaurants Inc.	1,980	Exxon Mobil-Baytown Complex	3,785
ExxonMobil	Unpublished	Galveston ISD	1,218	Houston Methodist Baytown Hospital	1,975
HCA Houston Healthcare	Unpublished	Schlitterbahn	1,035	Covestro	1,110
HEB	Unpublished	Galveston County (Island only)	991	Chevron Phillips	990
Houston Methodist	Unpublished	American National Insurance Co.	934	City of Baytown	930
Kroger	Unpublished	Moody Gardens	883	Lee College	700
Memorial Hermann Health System	Unpublished	City of Galveston	812	Wal-Mart Distribution Center	600
Schlumberger	Unpublished	Texas A&M University at Galveston	731	JSW Steel	450
Wal-Mart	Unpublished	USACOE	415	Borusan Mannesmann	342

City of Lake Jackson	
Approximately 42 miles from the City	
Employer	Employees
The Dow Chemical Company	3,452
Texas Dept. of Criminal Justice	2,052
Brazosport ISD	1,950
Olin Corporation	1,126
Phillips 66	1,017
Marquis Construction Services	950
BASF Corporation	900
Wood Group	800
ICS	614
Turner Industries	576

City of Sugarland	
Approximately 37 miles from the City	
Employer	Employees
Methodist Sugar Land Hospital	2,459
Schlumberger	2,118
Memorial Hermann Sugar Land	1,035
Fluor Enterprises Inc.	925
ChampionX	800
Accredo Packaging	576
QuVa Pharma Inc.	518
St. Luke's Hospital Sugar Land	500
HCSS	425
Applied Optoelectronics	35

Source: Municipal Advisory Council of Texas

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the Creation Resolution for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Initial Major Improvements and the Additional Major Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District is included on page v hereof.

Powers and Authority

Pursuant to the PID Act, the City may establish and create the District and undertake, or pay a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's extraterritorial jurisdiction. The PID Act provides that the City may levy and collect

Assessments on property in the District, or portions thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or pay a developer for the costs of, the financing, acquisition, construction or improvement of the Initial Major Improvements. See “THE INITIAL MAJOR IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain public improvements within the District, including the Initial Major Improvements, and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See “ASSESSMENT PROCEDURES” herein and “APPENDIX B — Form of Service and Assessment Plan.”

THE INITIAL MAJOR IMPROVEMENTS

General

The Initial Major Improvements consist of the costs of a portion of the major infrastructure benefitting the District. The Initial Major Improvements will be dedicated to the City. The Developer is responsible for the completion of the construction, acquisition or purchase of the Initial Major Improvements, and the Developer or its designee will act as construction manager. The City will pay project costs for the Initial Major Improvements from proceeds of the Bonds and amounts due to the Developer under the terms of the Development Agreement and the Reimbursement Agreement. The Developer will submit payment requests for costs actually incurred in developing and constructing the Initial Major Improvements and be paid in accordance with the Indenture, the Reimbursement Agreement and the Development Agreement. See “THE DEVELOPMENT – Development Plan” and “THE DEVELOPMENT AGREEMENT.”

The Initial Major Improvements, a portion of which are being financed with proceeds of the Bonds, include the following improvements benefitting the District.

Roadway Improvements

▪ *FM 528 Traffic Improvements*

Signalization improvements at F.M. 528 and Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications. Includes the addition of a southbound left turn lane on Townes Rd. to balance the new (widening) approach to F.M. 528 northbound from the new development.

Includes signalization improvements at F.M. 528 and Blackhawk Blvd. consisting of upgrades to the existing traffic signal to full operation to current Texas Department of Transportation specifications with a new south leg of the intersection, and addition of southbound left turn lane at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd. to balance the new widening approach to F.M. 528 for access management purposes. The signalization improvements will be owned and operated by the TxDOT and will provide benefit to each Lot within the District.

▪ *Phase 1 Blackhawk Boulevard Improvements*

Improvements include 4 lane arterial street construction to serve as an extension of the existing Blackhawk Boulevard from F.M. 528 to the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard and includes the construction of the roundabout. The extension will provide connection to Larrabee Way, as well as multiple local streets and is calculated to be approximately 3,512 square yards of roadway construction. Also includes the addition of a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to F.M. 528 for access management purposes. The Phase 1 Blackhawk Boulevard Improvements will provide benefit to each lot within the District.

- *Phase 1 Townes Road Improvements*

Includes the construction of 4,276 square yards of reinforced concrete street to include subgrade and a roundabout at the intersection of Townes Road and Larrabee Way, that serves as a continuation of the existing Townes Road located north of F.M. 528. The construction of the new section will begin at F.M. 528 and terminates at Larrabee Way at the southern end of the roundabout at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Madison Avenue Improvements*

Includes the construction of 1,543 square yards of a reinforced concrete street to include subgrade that will provide 2 travel lanes beginning at F.M. 528 and terminating at the 4-way stop at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Larrabee Way Improvements*

Includes the construction of 2 lanes, 12,275 square yards, of a reinforced concrete street to include subgrade which will transverse perpendicular to Madison Avenue and includes a 4-way stop at the intersection of Madison Avenue and Larrabee Way. The street improvements will provide benefit to each Lot within the District.

Earthwork, Paving and Grading.

- *Phase 1 Earthwork, Paving and Grading*

Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the Phase 1 Storm Drainage improvements, Detention Pond 1 and Detention Pond 2, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site, as well as better access from F.M. 528 for pedestrian traffic. Only a portion of the cost of earthwork, paving and grading will be funded by the Initial Major Improvement Assessment. The remaining costs will be paid from the City Contribution.

Clearing, Grubbing and Demolition

- *District Clearing, Grubbing and Demolition*

Includes light and heavy clearing for the construction and installation of the Initial Major Improvements to include heavy clearing for the construction of Detention Pond 1, along with the removal and disposal of 3" public force main and 12" public water line. The improvements are necessary for the construction of the Initial Major Improvements and will provide benefit to each Lot within the District. A portion of the costs of Clearing, Grubbing and Demolition is being funded with the City Contribution and approximately 27.07% of the costs of such improvements (\$873,609) is apportioned to the District as part of the Initial Major Improvements.

Detention Improvements

- *Detention Pond 1*

Improvements Include the excavation and construction of Detention Pond 1, a 4' retaining wall cast in place, an 8' retaining wall cast in place, installation of a backslope interceptor and swale, application of fertilizer seeds for stabilization, dewatering, sheet piling, riprap, collection screen structure and haul and disposal of utility spoils. The Detention Pond 1 Improvements will provide benefit to each Lot within the District.

- *Detention Pond 2*

Improvements include the excavation and construction of Detention Pond 2, installation of a backslope interceptor and swale, and application of hydro mulch for stabilization. The Detention Pond 2 Improvements will provide benefit to each Lot within the District. A portion of the costs of Detention Pond 2 are being funded by the City Contribution and approximately 68.79% of the costs of such improvements (\$11,020,226) is apportioned to the District as part of the Initial Major Improvements.

- *Phase I Storm Drainage*

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from F.M. 528 and terminating at the point of the proposed bridge connection at Blackhawk Boulevard. The improvements will provide a benefit to all Lots within the District.

Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Initial Major Improvements.

Soft Costs

Costs related to designing, constructing, and installing the Initial Major Improvements including land planning and design, engineering, soil testing, consultant fees, project coordination, and survey. A portion of the soft costs are being funded by the City Contribution and approximately 4.84% of the costs of such Initial Major Improvements (\$83,010) is apportioned to the Initial Major Improvements within the District.

The cost of the Initial Major Improvements is expected to be approximately \$33,840,197*. A portion of such costs in the amount of \$25,548,352* is expected to be paid with proceeds of the Bonds. The balance of the costs of the Initial Major Improvements will be paid by the Developer with Developer equity, and by the City Contribution. See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS.” As of October 1, 2024, the Developer had expended \$7,580,742 on the costs of the Initial Major Improvements, which was funded with Developer equity and funds provided by the City Contribution.

The following table reflects the total expected costs of the Initial Major Improvements as well as the Additional Major Improvements, which Additional Major Improvements are as more particularly described in the Service and Assessment Plan and will be funded as described under “PLAN OF FINANCE.” See “APPENDIX B — Form of Service and Assessment Plan.”

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* Preliminary; subject to change.

	Total Costs ^(a)	Non-District Costs ^(b)		District	
		%	\$	%	\$
Initial Major Improvements					
FM 528 Traffic Improvements	\$1,200,000	0.00%	\$ -	100.00%	\$1,200,000
Phase 1 Blackhawk Boulevard Improvements	240,923	0.00%	-	100.00%	240,923
Phase 1 Townes Road Improvements	271,984	0.00%	-	100.00%	271,984
Phase 1 Madison Avenue Improvements	98,159	0.00%	-	100.00%	98,159
Larrabee Way Improvements	817,556	0.00%	-	100.00%	817,556
Phase 1 Earthwork, Paving and Grading	649,796	36.51%	237,253	63.49%	412,543
Clearing, Grubbing and Demolition	3,226,758	72.93%	2,353,150	27.07%	873,609
Detention Pond 1	14,761,896	5.27%	778,095	94.73%	13,983,801
Detention Pond 2	2,018,477	0.00%	-	100.00%	2,018,477
Phase 1 Storm Drainage	5,144,261	0.00%	-	100.00%	5,144,261
Contingency ^(c)	3,695,875	0.00%	-	100.00%	3,695,875
Soft Costs ^(d)	1,714,512	95.16%	1,631,502	4.84%	83,010
	\$ 33,840,197		\$ 5,000,000		\$ 28,840,198
Additional Major Improvements					
Phase 2 Blackhawk Blvd. Improvements	\$3,703,530	0.00%	\$ -	100.00%	\$3,703,530
Phase 2 Townes Rd. Improvements	323,993	0.00%	-	100.00%	323,993
Phase 2 Madison Ave. Improvements	213,654	0.00%	-	100.00%	213,654
Bennett Blvd. Improvements	804,530	0.00%	-	100.00%	804,530
Phase 2 Earthwork, Paving & Grading	1,417,727	0.00%	-	100.00%	1,417,727
Water	1,007,036	0.00%	-	100.00%	1,007,036
Wastewater	862,879	0.00%	-	100.00%	862,879
Sanitary Sewer Lift Station	1,330,700	0.00%	-	100.00%	1,330,700
Phase 2 Storm Drainage	179,101	0.00%	-	100.00%	179,101
Landscaping, Parks and Amenities	5,597,472	0.00%	-	100.00%	5,597,472
Fire Station ^(e)	8,300,000	87.56%	7,267,480	12.44%	1,032,520
Contingency ^(f)	2,141,508	0.00%	-	100.00%	2,141,508
Soft Costs ^(g)	2,981,848	0.00%	-	100.00%	2,981,848
	\$ 28,863,978		\$ 7,267,480		\$ 21,596,498
Initial Major Improvement Bond Issuance Costs					
Delinquency and Prepayment Reserve Fund	\$ 937,500		\$ -		\$ 937,500
Debt Service Reserve Fund	3,201,440		-		3,201,440
Capitalized Interest	4,717,708		-		4,717,708
Underwriter Discount	1,125,000		-		1,125,000
Cost of Issuance	1,875,000		-		1,875,000
	\$ 11,856,648		\$ -		\$ 11,856,648
Additional Major Improvement Bond Issuance Costs ^(h)					
Delinquency and Prepayment Reserve Fund	\$ 445,550		\$ -		\$ 445,550
Debt Service Reserve Fund	1,513,540		-		1,513,540
Underwriter Discount	535,162		-		535,162
Cost of Issuance	891,100		-		891,100
	\$ 3,385,352		\$ -		\$ 3,385,352
District Formation Expenses					
District Formation Expenses	\$ 100,000		\$ -		\$ 100,000
	\$ 100,000		\$ -		\$ 100,000
Other Costs					
Deposit to Administrative Fund	\$ 80,000		\$ -		\$ 80,000
	\$ 80,000		\$ -		\$ 80,000
Total	\$ 78,126,175		\$ 12,267,480		\$ 65,858,695

Footnotes:

[a] Costs were determined by the Engineer's Report attached hereto as **Appendix A**.

[b] Funding for the Non-District Costs are being provided by other lawfully available revenue of the City and will not be reimbursed by the PID Bonds, Initial Major Improvement Assessments or Additional Major Improvement Assessments.

[c] Calculated at 13% of hard construction costs for the Initial Major Improvements as approved by the City.

[d] Includes professional services fees related to drainage and flood mitigation, Land Planning, Design, Engineering, Geotechnical Engineering, and Surveying for the Initial Major Improvements.

[e] Apportionment of Costs for the Fire Station is based on the estimated Assessed Valuation for the District as a percentage of the City's 2023 Assessed Valuation.

[f] Calculated at 13% of hard construction costs for the Additional Major Improvements as approved by the City.

[g] Includes professional services fees related to Engineering, Geotechnical Engineering, Surveying, Land Planning and Design of the Additional Major Improvements.

[h] Preliminary estimates. Actual costs will be determined at the time of bond issuance for the Additional Major Improvements.

Ownership and Maintenance of Initial Major Improvements

The Initial Major Improvements will be dedicated to and accepted by the City, and will constitute a portion of the City's infrastructure improvements. The City will provide for the ongoing operation, maintenance and repair of the Initial Major Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

THE DEVELOPMENT AGREEMENT

The City and the Developer entered in the Development Agreement, which sets forth certain agreements between the City and the Developer relating to the Developer's and the City's respective contributions to the Development, the issuance of bonds for development in the District, the City's contribution to the project from the Drainage Bonds, and the formation of the TIRZ. Capitalized terms used but not defined under this heading have the meanings ascribed to them in the Development Agreement. See "APPENDIX F – Development Agreement."

Under the Development Agreement, the Developer will undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and will undertake the design, development and construction of certain improvements including the Initial Major Improvements and the Additional Major Improvements. In accordance with the PD Ordinance (as defined herein), the Development will consist of the following elements:

- (i) Approximately 500 multi-family units;
- (ii) Approximately 191,000 square feet of medical/office use;
- (iii) A maximum 150 room hotel and approximately 5,000 square foot conference facility;
- (iv) Approximately 63,800 square feet of restaurant and retail space;
- (v) Approximately 52 acres of public parks and approximately 5.2 miles of public trails;
- (vi) A maximum of 300 condominium units;
- (vii) A minimum 2,188 spaces in parking garages;
- (viii) A City fire station; and
- (ix) The dedication of land to the City along Clear Creek for a future flood mitigation project, such acreage to be mutually agreed to by the Parties.

In addition to the Initial Major Improvements and the Additional Major Improvements, the Developer shall design, construct and install certain City Improvements and the City shall reimburse the Developer for the Actual Costs of the City Improvements from various sources including the Bonds, any revenues from assessments levied in the District, other bonds issued and secured by assessments in the District or TIRZ Revenues. "City Improvements" means the City's fire station within the District, public water, storm sewer and sanitary improvements, public drainage facilities, traffic signals, public parkland, and public roadways to include the City-owned public road providing additional access to Brookside Intermediate School.

The Development Agreement also sets forth the City's commitment to make up to \$5,000,000 available for construction of drainage improvements.

Under the Development Agreement, the City has agreed to issue up to \$100,000,000 in public improvement district assessment revenue bonds for the District and to form the TIRZ encompassing the property in the District. Pursuant to the Development Agreement, the maximum tax rate for the District, including all overlapping taxing jurisdictions and including the equivalent tax rate of any assessments, shall be no greater than \$3.05 per \$100 of assessed value at the time the assessments are levied based on the estimated buildout value of each parcel.

The City and the Developer may terminate the Development Agreement upon the occurrence of certain events of default as described in the Development Agreement.

Pursuant to the intent stated in the Development Agreement, the Developer and the City will enter into a TIRZ Development Agreement concurrently with the approval of the Bonds. The TIRZ Development Agreement provides that the TIRZ Revenues shall be distributed as follows up to the TIRZ Cap:

- (i) To subsidize Assessments in each year in order to lower the Annual Installments of the Assessments to a level that produces an overall tax equivalent tax rate equal to the rate set forth in the Service and Assessment Plan for each parcel within the PID and to pay the City's costs to administer the TIRZ;
- (ii) To reimburse the Developer for certain non-PID public improvements including certain detention improvements and the costs of a City fire station not financed through the Bonds;
- (iii) To pay the Developer an economic development grant; and
- (iv) To reimburse the Developer for excess Initial Major Improvement and Additional Major Improvement costs that have not been and will not be paid for or reimbursed from another funding source.

Any costs of the Public Improvements (as such term is defined in the Development Agreement) in excess of the available PID Bond Proceeds or assessments pursuant to a Reimbursement Agreement may be paid or reimbursed by the City from TIRZ Revenues up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. Any costs of the City Improvements in excess of the amounts set forth in the Service and Assessment Plan shall be reimbursed from TIRZ Revenues, up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. Any costs of the Drainage Improvements in excess of the City's \$5,000,000 shall be reimbursed from TIRZ Revenues, up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap.

THE DEVELOPMENT

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

Overview

The land within the District will be developed as a development to be known as "Friendswood City Center" (the "Development"). The District consists of approximately 106 acres located in the corporate limits of the City, approximately 2.5 miles from the intersection of IH 45 and FM 528. The City is in the Houston-The Woodlands-Sugarland Metropolitan Statistical Area. The Development is approximately 26 miles south of Houston, Texas, 31 miles north of Galveston, Texas, 15 miles south of Houston Hobby Airport and 45 miles south of George W. Bush Intercontinental Airport. The Development is located in the Clear Creek Independent School District. Nearby attractions include Space Center Houston, Texas Avenue Park and Kemah Boardwalk.

Development Plan

The infrastructure benefitting the District will be constructed in two phases. The Developer expects to construct the Initial Major Improvements as the first phase of development. Construction of the Initial Major Improvements began in Q2 2024 and is expected to be completed by Q3 2025. The cost of the Initial Major Improvements is expected to be approximately \$33,840,197*. A portion of such costs in the amount of \$25,548,352* is expected to be paid with proceeds of the Bonds. See "SOURCES AND USES OF FUNDS." The Developer will finance the balance of the Initial Major Improvements not paid with proceeds of the Bonds with Developer equity, to the extent such improvements are not financed with the City Contribution. As of October 1, 2024, the Developer had expended \$7,580,742 on the costs of the Initial Major Improvements, which was funded with Developer equity and funds provided by the City Contribution.

* Preliminary; subject to change.

The Developer expects to construct the Additional Major Improvements as the second phase of development. Construction of the Additional Major Improvements other than the fire station is expected to begin in Q2 2025 and be completed in Q2 2026. See “THE INITIAL MAJOR IMPROVEMENTS” and “APPENDIX B — Form of Service and Assessment Plan.”

Construction of the Additional Major Improvements is expected to initially be funded by Developer equity, and, if issued, the Additional Major Improvement Bonds. The City is also expected to contribute funds from the TIRZ to fund a portion of the fire station pursuant to the TIRZ Development Agreement. See “THE DEVELOPMENT – TIRZ Development Agreement.”

Expected Vertical Development in the District

The District contains approximately 106 acres which are being developed as a master-planned mixed-use development expected to consist of approximately 76,408 square feet of building space as inline retail or food retail, 268,800 square feet of mixed use space which includes ground floor retail and condominium/multifamily above ground floor retail, an approximately 115-room hotel with convention space, 194,050 square feet of office/medical building space, and approximately 500 multifamily units (in approximately 750,000 square feet) and a fire station. The Developer will develop the District to provide the necessary infrastructure to achieve vertical development on 12 separate lots, Lots 1-12 as shown on the “CONCEPT PLAN FOR DEVELOPABLE LAND IN THE DISTRICT” appearing on page vi hereof. Vertical development in the District will occur on approximately 40.237 acres. The remainder of land in the District will be parkland, open space, and amenities, all of which will be located in the flood plain. See “— Amenities.” Except for Lot 2, Lot 3, Lot 4 and Lot 5, all lots in the District are expected to be owned by entities affiliated with the Developer and Wolfram and vertical construction on such lots is expected to be completed by such entities as described below and under “THE DEVELOPER – History and Financing of the District – Vertical Development Financing.”

Lot 1, Lot 2, Lot 3, Lot 4 and Lot 5 were sold by the Developer in 4 separate transactions occurring between March and July 2024 as more particularly described under “THE DEVELOPER – History and Financing of the District – Acquisition and Subsequent Sales of Land in the District” at a collective sale price of \$6,169,838. Lot 1 was sold to Lone Star Campus R1 LLC, a special purpose entity affiliated with Wolfram, and the purchase was funded with an additional loan from the Lender to Lone Star Campus R1 LLC. See “THE DEVELOPER – History and Financing of the District.”

The Developer has not entered into any contracts for, and does not expect to enter into any sale contracts for, the sale of Lot 6, Lot 7, Lot 9, or Lot 11. The Developer expects that Lot 6, Lot 7 and Lot 9 will be contributed to a joint venture entity formed between the Developer and a Wolfram affiliated entity. The Developer expects to own and complete vertical development on Lot 11.

Wolfram has received a Letter of Intent (the “B&B Letter of Intent”) from B&B Theaters Operating Company D.B.A. as B&B Theaters (“B&B Theaters”) pursuant to which Wolfram and B&B Theaters expect to enter into a management agreement for a portion of the vertical square footage expected to be located on Lot 7 (22,000 sf of horizontal square footage and 80,000 sf of vertical square footage, respectively), which is expected to be used as a full service luxury movie theater with a luxury entertainment center featuring a bar and grill. The B&B Letter of Intent provides that the management agreement is expected to be for a term of 10 years and the opening date of the theater and entertainment center will be within 90 days following receipt of a certificate of occupancy for the theater and entertainment center. No assurance can be given that the final management agreement will be executed, or that it will be on the terms specified above.

Pursuant to the Developer’s operating agreement, the Developer is required to transfer Lot 8 (the hotel lot) and Lot 10 (a medical office building lot) to Lone Star Campus LLC, the Class D member of the Developer and a special purpose entity affiliated with Wolfram, as a contribution to such entity upon the release of such lots from the deed of trust securing the Acquisition Loan. See “THE DEVELOPER – Description of the Developer.”

Lone Star Campus LLC is expected to complete the vertical development of the hotel in the District. A hotel flag has not been chosen, but it is expected to be a full-service hotel with a Marriott or Hilton flag. Vertical development of the hotel is expected to be financed with investor equity and bank debt in addition to key money provided by the hotel brand. See “THE DEVELOPER – Executive Biographies” for information on the hotel development experience of the principals of Wolfram.

The Developer is under contract to sell Lot 12 (consisting of approximately 17.515 acres) to Lone Star Campus MFH LLC, a special purpose entity affiliated with Wolfgramm, pursuant to a Purchase and Sale Agreement (the "Lot 12 Contract") at a sale price of \$20,000,000. Such purchase price is to be paid with \$6,000,000 cash (a \$50,000 portion of which has been deposited as earnest money) and \$6,000,000 may be financed with a note in favor of the Developer payable six months after the closing date. The Lot 12 Contract requires the certain pre-conditions be met for Lone Star Campus MFH LLC to close, including issuance of the Bonds and adequate road/life safety access available to the site for concurrent building permit issuance and for construction to begin on Lot 12. Although the Lot 12 Contract provided for an initial closing date of July 16, 2024, the Lot 12 Contract provides the closing of such lot will be abated until such time as the conditions to close have been met. As of the date hereof, closing has not occurred. Closing of is expected to occur on December 15, 2024.

Due to the location of Lots 1-5 (abutting FM 528), vertical construction on Lots 1-5 in the District can begin without the completion of the Initial Major Improvements or the Additional Major Improvements. Such vertical construction is expected to begin in Q4 2024 and is currently anticipated to be completed in Q2 2025. The Developer indicates there is a finalized five-year lease for approximately 1,500 sf of office space on Lot 1 and an executed ten-year lease for a 3,000 sf (plus patio space) restaurant on Lot 2. Vertical construction on Lot 8 is expected to begin in December 2025 and be completed in Q4 2027. Vertical construction on Lot 10 is expected to begin in December 2024 and be completed Q4 2026. A two phase vertical construction period is expected for Lot 12 in the District. Vertical construction on Lot 12 is expected to commence in Q1 2025, and phase one of such vertical construction is expected to be completed in Q2 2027. Phase two of such vertical construction is expected to be completed by Q1 2028. The Developer does not currently have a timeline for vertical construction on Lots 6, 7, 9, and 11 in the District.

Set forth below is a summary of the current ownership and expected uses on each expected lot in the District, along with the expected vertical buildout, sale and leasing status of such parcels.

<u>Lot</u>	<u>Acres</u>	<u>Current Owner</u>	<u>Expected Use/SF⁽¹⁾</u>	<u>Expected Start/Completion of Vertical Construction</u>	<u>Leasing or Sale Status</u>
1	1.659	Lone Star Campus R1, LLC	Retail (Appx. 15,000 sf)	Start: Q1 2025 Completion: May 2025	Sold in July 2024 Approximately 1,500 sf leased for a 5 year lease expected to commence June 2025.
2	1.474	Tima Holdings, LLC	Retail/Shopping (Appx. 14,500 sf)	Start: Q4 2024 Completion: Q2 2025	Sold in March 2024 Approximately 3,000 sf (plus patio space) leased for a 10 year lease expected to commence 120 days after shell completion.
3	1.654	Hill Gage Development	Retail/Shopping (Appx. 16,500 sf)	Start: Q4 2024 Completion: Q2 2025	Sold in March 2024 No formal leases have been executed.
4	1.597	Ajay Jain	Retail/Shopping (Appx. 14,500 sf)	Start: Q4 2024 Completion: Q2 2025	Sold in March 2024 No formal leases have been executed.
5	1.454	Ajay Jain	Convenience Store/Gas Station (Appx. 14,000 sf)	Start: Q4 2024 Completion: Q2 2025	Sold in March 2024 No leases are expected on this site.
6	2.750	Developer	Mixed Use 1 (Ground Floor Retail and Condominium) (Appx. 100,000 sf retail and condo units)	Unknown	Expected to be contributed to a joint venture entity formed between the Developer and a Wolfgramm affiliated entity for vertical development No future sale or leasing activity has occurred for Lot 6.
7	2.716	Developer	Mixed Use 2 (Ground Floor Retail and Condominium)	Unknown	Expected to be contributed to a joint venture entity formed between the Developer and a

			(Appx. 68,800 sf retail and condo units and 1,908 of additional outlying retail)		Wolfgramm affiliated entity for vertical development No future sale or leasing activity has occurred for Lot 7.
8	2.660	Developer	Hotel (Appx. 115 Keys)	Start: Q4 2025 Completion: Q4 2027	Expected to be transferred to Lone Star Campus LLC (Wolfgramm controlled entity) under Developer operating agreement for vertical development
9	3.072	Developer	Mixed Used 3 (Ground Floor Retail and Condominium) (100,000 sf Retail and condo units)	Unknown	Expected to be contributed to a joint venture entity formed between the Developer and a Wolfgramm affiliated entity for vertical development A portion of the retail square footage on Lot 9 is subject to the B&B Letter of Intent.
10	3.687	Developer	Medical/Office (125,000 sf) (MOB 1)	Start: December 2024 Completion: Q4 2026	Expected to be transferred to Lone Star Campus LLC (related entity) under Developer operating agreement for vertical development No future leasing activity has occurred for Lot 10.
11	1.806	Developer	Medical/Office (69,050 sf) (MOB 2)	Unknown	Developer expects to own and complete vertical development on Lot 11. A sale of such lot is not expected. No future leasing activity has occurred for Lot 11.
12	17.515	Developer	Multifamily/Mixed Use Retail (750,000 sf, including approximately 500 MF units)	Start: Q1 2025 Completion (Phase One): Q2 2027 Completion (Phase Two): Q1 2028	Under contract for sale to Lone Star Campus MFH LLC

⁽¹⁾ It is noted that estimated square footages set forth above for Lots 1-5 differ from the estimated building square footages utilized for the purposes of the in the Appraisal, which are based on as estimated maximum building square footage based on schematics provided for Lots 1-5. See “APPRAISAL” and APPENDIX E.

Photographs of Development in the District

Photographs of development in the District appear in APPENDIX G hereto.

TIRZ Development Agreement

The City, the Board of Directors of the TIRZ, and the Developer expect to enter into a TIRZ Development Agreement (the “TIRZ Development Agreement”) pursuant to which the Developer is expected to agree to construct, and the City is expected to agree to fund a portion of certain costs, including the costs of a City fire station in the Development not otherwise paid for by the District, certain playing fields and a Chapter 380 economic development grant in the maximum amount of \$1,250,000, as set forth in the TIRZ Development Agreement and the TIRZ Project and Finance Plan. The Developer shall be reimbursed from “Available Tax Increment” in the TIRZ. “Available Tax Increment” means City Tax Increment (as defined in the TIRZ Reimbursement Agreement) deposited into a segregated fund other than those funds required to be used to: (i) subsidize the Assessments and (ii) pay Administrative Costs of the TIRZ up to a cap of \$100,000,000.

The TIRZ Development Agreement is expected to provide that the City and the Zone, in their sole and absolute discretion, shall have the right, upon thirty (30) days’ prior written notice to Developer, to terminate the TIRZ Development Agreement if: (a) Developer does not commence construction of certain detention and road improvements within the Development and the playing fields on or before the date that is six months from the effective

date of the TIRZ Development Agreement; or (b) Developer does not complete construction of the detention and road improvements on or before three years from the Commencement of Construction of those detention and road improvements and the playing fields; or (c) Developer does not commence construction of the fire station on or before the date that is five years from the effective date of the TIRZ Development Agreement, (d) Developer does not complete construction of the fire station on or before the date that is three years from the commencement of construction of the fire station, or (e) Developer becomes insolvent, or all or a substantial part of Developer's assets are assigned for the benefit of its creditors, or a receiver or trustee is appointed for Developer.

The TIRZ Development Agreement is also expected to provide that during the term of the TIRZ Development Agreement, following completion of the Project, the Developer shall not protest Harris Central Appraisal District's assessed taxable value of the Project or the taxable real property within the TIRZ. If the Developer does not comply such covenant with, the City, at its sole discretion, may suspend performance of the City under the TIRZ Development Agreement and begin procedures to terminate the TIRZ Development Agreement for default, and the Developer shall repay to the City all portions of the TIRZ Contribution paid to the Developer under the TIRZ Development Agreement.

Concept Plan

Set forth on page vi is the current concept plan of the Development as approved by the City. The concept plan is conceptual and subject to change consistent with the City's zoning and subdivision regulations. See "– Zoning" below.

Zoning

The property within the District is currently zoned as Planned Unit Development per Ordinance No. 2023-28 approved on November 6, 2023 (the "PUD Ordinance"). The current zoning allows for a mixed-use development with a variety of commercial and multi-family uses and establishes guidelines pertaining to purpose, height, area, setbacks, landscaping, garages and the like. The Developer expects to pursue an amendment to the existing PUD Ordinance to allow for additional square footage and density on certain parcels in the District. No assurance can be given that the City will approve such amendment, or how much additional square footage of any particular use will be approved.

Amenities

The Developer expects to construct approximately 45 acres of public parks, and approximately 5.2 miles of hike and bike trails, exercise stations, public restrooms, and a fishing lake to serve the entire Development (collectively, the "Amenities"). Construction of the Amenities is expected to begin in Q2 2025 and be completed in Q4 2026. The Amenities are part of the Additional Major Improvements, and are expected to cost approximately \$5,597,472. The Amenities are expected to be funded initially with Developer equity and reimbursed through the Additional Major Improvements Reimbursement Obligation and, if issued, the Additional Major Improvement Bonds.

Private Improvements

The Developer also plans to construct certain private improvements to serve the entire District including gas and electric franchises utilities (collectively, the "Private Improvements"). The approximate cost of the Private Improvements in the District is \$1,415,000, which are expected to be funded by CenterPoint.

Education

Children in the Development will attend schools in Clear Creek ISD which encompasses an area of approximately 120 square miles and is located midway between Houston, Texas and Galveston, Texas. Clear Creek ISD enrolls over 40,000 students in 27 elementary schools, 10 intermediate schools, an educational alternative high school campus, an early college high school campus, and 5 comprehensive high schools. According to the Texas Education Agency ("TEA"), Clear Creek ISD received a "District Accountability Rating" of B from the TEA for 2021-2022. Students in the District will attend (i) Landolt Elementary School (approximately 2.1 miles from the District), which received a "District Accountability Rating" of A from the TEA for 2021-2022, (ii) Brookside Intermediate School (approximately 0.8 miles from the District), which received a "District Accountability Rating"

of B from the TEA for 2021-2022, and (iii) Clear Springs High School (approximately 4.8 miles from the District), which received a “District Accountability Rating” of A from the TEA for 2021-2022. 2021-2022 is the latest year for which ratings are available from the TEA. GreatSchools.org currently rates Landolt Elementary School a 7/10, Brookside Intermediate School a 6/10 and Clear Springs High School a 7/10.

Existing Mineral Rights, Easements and Other Third Party Property Rights

Third parties hold title to certain rights applicable to real property within and around the District (the “Mineral Owners”), including reservations of mineral rights and royalty interests and easements (collectively, the “Third Party Property Rights”) pursuant to various instruments in the chain of title for various tracts of land within and immediately adjacent to the District. Some of these reservations of mineral rights include a waiver by the Mineral Owners of their right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District. If the waiver is applicable, such Mineral Owners may only develop such mineral interests by means of wells drilled on land outside of the property of the District.

The Developer is not aware of any ongoing mineral rights development or exploration on or adjacent to the property within the District. The Developer is not aware of any interest in real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Texas Railroad Commission may also restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues.

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

Environmental

Environmental. The Developer indicates that no Phase I Environmental Site Assessment was performed with respect to the property in the District. The Developer has provided an environmental records search performed by Environmental Resources, Inc. (“ERI”) for review (the “ERS Search Report”). For the ERS Search Report ERI searched environmental records for the property in the District as well as certain adjacent properties containing a dry cleaner, a gas station and a bank (the adjacent sites, the “Mapped Sites”). The ERS Search Report indicated that neither the District property nor the Mapped Sites appeared on a list of federal Superfund sites, CERCLA sites, Delisted National Priority List Sites, RCRA sites, or other federal or state environmental site registries. The records search also revealed that certain of the Mapped Sites (located between 0.25 and 0.4 miles from the District) were leaking petroleum storage tank sites. According to the ERS Search Report, a “final concurrence” has been issued for both sites, and a release determination report was filed for the removal of an underground storage tank from one such site. The ERS Search Report also indicated that the dry cleaner Mapped Site is in the Voluntary Cleanup Program Database.

Jurisdictional Waters of the United States; Endangered Species. WGA Consulting Engineers (“WGA”) conducted a comprehensive wetlands and Jurisdictional Waters of the US (“WOTUS”) delineation of the land in the District in February 2024, and identified one intermittent stream that was an assumed Jurisdictional WOTUS. As part of the development in the District, the Developer intends to install fill material for bank line stabilization and erosion protection, which activities were determined by WGA to fall within Nationwide Permit 18 and did not require any special permit from the U.S. Army Corps of Engineers. WGA also conducted a Threatened and Endangered Species desktop review in December 2023 and a Cultural Resources desktop review in June 2023 to ensure that all Nationwide Permit General Conditions were satisfied. WGA did not observe any federally or state listed endangered species or their preferred habitats in the District. No vertical development is expected to occur within the flow of any WOTUS.

Flood Plain Designation

According to Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) No. 48167C0018G revised on August 15, 2019 approximately 87.95 acres of land in the District, which includes Lots 6-12 in the District, is located in special flood hazard areas subject to inundation by a 100-year and 500-year flood. The Initial Major Improvements and Additional Major Improvements will include drainage and detention infrastructure to assist with flood control and flood mitigation, and the Developer is expected to utilize fill dirt to raise the elevation of Lots 6-12 out of flood plain elevations and allow for all buildings on such lots to be constructed above the flood plain. The Developer expects to apply for a Letter Of Map Revision Based on Fill (a “LOMR-F”), which LOMR-F may be applied for during construction. The Developer expects the process to receive a LOMR-F to take approximately 6 months. Subsequent to the LOMR-F, the Developer expects to apply for a formal Letter of Map Revision (“LOMR”) to allow for removal of Lots 6-12 from special flood hazard areas subject to inundation by a 100-year and 500-year flood. The Developer expects that such process will take approximately 1-2 years. No assurance can be given as to if or when FEMA will approve a LOMR-F or a LOMR. Irrespective of whether FEMA approves a LOMR-F or LOMR, the Developer indicates flood insurance is and will continue to be required by any lender for all properties in the District.

Approximately 50 acres of the District lying within the floodplain is in the Clear Creek watershed and is located in a regulatory floodway. All of the acreage lying in the regulatory floodway is expected to be utilized as open space. Clear Creek watershed is maintained by the Harris County Flood Control District.

Utilities

Water and Wastewater. It is expected that the City will provide water and sewer service to the District, and all existing and future water and sewer improvements will be dedicated to, and owned and operated by, the City. The City’s water and sewer systems currently have sufficient capacity to provide water and wastewater service to the District. See “THE CITY – City Water and Wastewater Systems.”

Other Utilities. Additional utilities in the District are provided as follows: (1) Electric – CenterPoint, (2) Natural Gas – CenterPoint and (3) Phone, Data and Cable – AT&T and Comcast.

THE DEVELOPER

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

General

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

Description of the Developer

The Developer was created for the purpose of managing and ultimately conveying property in the District to third parties, as described under the caption “THE DEVELOPMENT.” The Developer is a nominally capitalized limited liability company, the primary asset of which is unsold property within the District. The Developer will have

no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the District or funds advanced to the Developer by an affiliated party. The Developer's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Bonds.

The Developer has two Class A members: (1) Louis Tannos and (2) Eric Langan, who each have a 45% equity stake. There is one Class B member, HWC Friendswood LLC, a Delaware limited liability company, which has a 10% equity stake. The individual members of HWC Friendswood LLC are Phil Wolfgramm, Koloa Wolfgramm, and Russell Handy. There is also one class D member of the Developer, Lone Star Campus LLC, a Delaware limited liability company, which contributed acquisition capital in exchange for two parcels of the Property (Lot 8 and Lot 10). Lone Star Campus LLC has no right to any other profits or property. Lone Star Campus LLC's members include 24 Class A members which have limited rights that collectively own 90% of the equity in Lone Star Campus LLC's portion of property. The remaining 10% of Lone Star Campus LLC is a Class B interest owned by Wolfgramm in exchange for non-capital contributions to Lone Star Campus LLC. The manager of Lone Star Campus LLC is Wolfgramm.

The Developer is currently the majority owner of the property in the District. Its 45% member, Louis Tannos, a general contractor, is overseeing the day-to-day development of the property. HWC Friendswood LLC has minority voting rights and plays a consulting role with some shifting control rights if the Developer defaults on commitments in the Developer's operating agreement to use its best efforts to deliver Lot 8 and Lot 10 to Lone Star Campus LLC by September 15, 2023 and to complete site work on the property by December 18, 2024. The Developer did not meet the September 15, 2023 transfer deadline for Lot 8 and Lot 10, and Lone Star Campus LLC is awaiting the transfer of the two parcels upon their release from the deed of trust securing the Acquisition Loan. It is not expected that the Developer will meet site work completion deadline set forth in the operating agreement of the Developer. However, HWC has provided consent resolution indicating it does not intend to exercise its change in control right set forth in the Developer's operating agreement.

Set forth below is a list of developments that Wolfgramm and Wolfgramm's principals (which are collectively identified in the chart below as "Wolfgramm Entities") and Louis Tannos have completed.

<u>Developing Entity</u>	<u>Name of Development</u>	<u>Location</u>	<u>Property Type</u>	<u>Status of Development</u>
Wolfgramm Entities	Brookhurst Triangle	Anaheim, CA	Luxury apartments	Completed and stabilized.
Wolfgramm Entities	Ritz Carlton Rancho Mirage	Rancho Mirage, CA	5-star luxury hotel with for-sale condos	Completed and stabilized.
Wolfgramm Entities	Embassy Suites Glendale	Glendale, CA	272-key hotel	Completed and stabilized.
Wolfgramm Entities	Sheraton Garden Grove/Anaheim South	Garden Grove, CA	285-key hotel	Completed and stabilized. Part of multi-phase development including additional resort-style amenities.
Wolfgramm Entities	Ascent Park City by Hilton	Park City, UT	120-key 4-star luxury hotel with for-sale condos	75% completed, expected completion within 90 days.
Wolfgramm Entities	Waldorf Astoria Park City	Park City, UT	269-key 5-star luxury hotel with for-sale condos	Existing 160-key resort with planned \$80MM expansion set to break ground in 2025.
Tannos	TLH III	Friendswood, TX	Mixed-use / medical office	100% Occupied
Tannos	THL II	Friendswood, TX	Mixed-use / retail	100% Occupied
Tannos	TLH I	Friendswood, TX	Mixed-use / retail	100% Occupied
Tannos	1715 LLC	Friendswood, TX	Mixed-use / Medical office	Final stage build out and occupancy
Tannos	Albritton	Friendswood, TX	Mixed-use / residential-retail-office	Under Construction
Tannos	Del-Monte	Galveston, TX	Industrial / International Port	Fully Operational
Tannos	RCI	Houston, TX	Mixed-use Office – warehouse - Industrial	Fully Operational

The principals associated with the Developer have created and expect to create affiliated entities (including but not limited to Lone Star Campus LLC, Lone Star Campus R1 LLC, and Lone Star Campus MFH LLC) that will be partially owned and controlled by various principals of the Developer and Wolfgramm in order to own and vertically develop the majority of the property within the District. It is expected, then, that entities partially owned and controlled by principals of the Developer and Wolfgramm will have the responsibility for the payment of the majority of the Assessments and the Additional Major Improvement Assessments for the foreseeable future. See “BONDHOLDERS’ RISKS – Dependence Upon Developer and Related Entities.”

Executive Biographies

Phil Wolfgramm (Co-Founder and Chief Executive Officer, Wolfgramm Capital): Phil Wolfgramm has 25+ years of experience in hospitality and real estate. He started his career in hospitality as a hotel shuttle driver and night auditor. He moved up through the hotel accounting track as an assistant controller and controller until he became a General Manager in 2003 at various IHG, Choice, Starwood, and Marriott full-service hotels. Phil also led the ground-up development, and served as the Opening GM, of the 285-key Sheraton Garden Grove Anaheim South and the 272-key Embassy Suites Glendale.

In 2008, Phil became the Head of Acquisitions and Asset Management at Kam Sang Company. Over the last 13 years, Phil spearheaded over 2 billion dollars’ worth of real estate acquisitions, refinances, and developments. In addition, Phil asset managed all of Kam Sang’s brand managed properties: Ritz Carlton Rancho Mirage, JW Marriott Palm Desert, and Waldorf Astoria Las Vegas. He was also responsible for overseeing the financial performance of the company’s self-managed properties which included Residence Inn, Courtyard, and Embassy Suites hotels.

Some of Phil’s notable hospitality acquisitions include:

- Ravella Lake Las Vegas (formerly Ritz Carlton Lake Las Vegas) with a rebrand to the Hilton Resort and Spa
- Ritz Carlton Rancho Mirage along with leading the ongoing development of an adjacent 100+ condominium wing
- JW Marriott Resort and Spa Palm Desert with an extensive 30M+ renovation
- Mandarin Oriental Las Vegas with an extensive renovation and rebrand to a Waldorf Astoria

During Phil’s tenure as Head of Acquisitions and Asset Management, Kam Sang’s portfolio grew from 75 million to over 2 billion. He left Kam Sang in July 2021 to co-found Wolfgramm Capital. Wolfgramm Capital is a real estate investment firm specializing in hotel acquisitions and management, while also seeking, acquiring, and developing opportunistic and ground-up mixed use, residential, and suburban master-planned projects.

Koloa Wolfgramm (Co-Founder and Chief Operating Officer, Wolfgramm Capital): Koloa Wolfgramm oversees acquisitions, financing, investment structuring, and deal due diligence. He also assists in asset management and ground-up development. He has led over 350MM of commercial real estate acquisitions in the last 18 months.

Koloa formerly worked for a community economic development organization where he advised for- and nonprofit entities in their acquisition, financing, development, and divestiture of various real estate asset classes including retail, commercial, and mixed-use properties. Koloa also previously worked at Kirkland & Ellis, LLP where he gained deal experience in the private equity and investment funds groups. He has assisted on multiple billion-dollar private equity transactions.

Prior to co-founding Wolfgramm Capital, Koloa was the co-founder and COO of a venture-backed PropTech startup. He was also a partner at a venture capital firm in New York City where he managed an eight-figure fund as a specialist in LegalTech and PropTech companies.

Koloa graduated with a B.A. from Brigham Young University as a salutatorian and received a J.D. from Yale Law School where he served as an editor on the Yale Journal on Regulation. He is also a former bobsled pilot and competed for Team USA from 2011-2013

Russell Handy (Co-Founder and Chief Legal Officer, Wolfgramm Capital): Russell Handy oversees the company's litigation, risk management, and compliance. He is a former law professor and clerked on the Ninth Circuit for Judge Thompson. In the last year alone, he has advised on over 300MM of hospitality acquisitions.

Russell is a seasoned hospitality litigator and has consulted in the hotel space for over a decade. He regularly teaches and lectures on property level compliance and has won numerous awards for his trial and appellate advocacy. He founded Potter Handy LLP and is a recognized, and oft-cited, expert in civil litigation. He has argued in front of the Ninth Circuit, California Courts of Appeal, and the California Supreme Court. He was awarded the California Lawyer Magazine's Attorney of the Year in 2010 and was named one of San Diego's top attorneys in 2011. Russell is also a former Certified Contract Advisor to the NFL Players Association.

Prior to entering the law, Russell served in the United States Army where he participated in over 48 live-fire missions and received numerous military recognitions and awards, including two Bronze Service Stars. He holds a B.A. from Brigham Young University and a J.D., magna cum laude, from California Western School of Law where he was an associate editor of the Law Review.

Eric Langan (Chairman of the Board / Director / Chief Executive Officer / President (RCI Hospitality): Eric S. Langan has been a director of 1998, and President, CEO and Chairman of RCI Hospitality since 1999. He began his career in the hospitality industry in 1989 and has developed significant expertise in sports bar/restaurants and adult entertainment nightclubs, including related areas of real estate development and finance. Mr. Langan built the XTC Cabaret nightclub brand and merged it into RCI in 1998, expanding the scope of the company. He has been instrumental in bringing professional marketing, management, finance, and technology practices and systems to the gentlemen's club industry. As one of the original founders of the National Association of Club Executives (ACE), Mr. Langan has been an active member of its Board of Directors since 1999. Through these activities, Mr. Langan has acquired the knowledge and skills necessary to successfully operate adult entertainment businesses.

Louis Tannos (President of Madison Development Corp, LLC): Louis began his construction career in the offshore oil and gas industry as a commercial construction diver. After leaving the industry and starting his first company in 2000, he quickly moved into remodeling, then custom homes, commercial projects, industrial and eventually full design and build of commercial and mixed-use developments. As President of Tannos Development Group, Louis Tannos is the engine behind all new developments. From locations, to plans, designs and construction process, Louis creates the new deals and opportunities for growth.

History and Financing of the District

Land Acquisition and Subsequent Sales of Land in the District. The Developer purchased the property in the District on February 23, 2023 from Clear Creek Community Church at a purchase price of \$10,000,000. The purchase price was financed with the Acquisition Loan from the Lender, b1 Bank, in the amount of \$6,500,000 and Developer equity.

Subsequent to its acquisition of the Property in the District, the Developer made the following sales of parcels in the District:

<u>Buyer</u>	<u>Lot/Pad Site Size</u>	<u>Sale Price</u>	<u>Closing Date</u>
Tima Holdings, LLC	Lot 2: 1.474 acres	\$1,155,734	March 21, 2024
Hill Gage Development, LLC	Lot 3: 1.654 acres	\$1,440,965	March 26, 2024
Ajay Jain	Lot 4 and Lot 5: 3.051 acres	\$2,127,819	March 27, 2024
Lone Star Campus R1 LLC	Lot 1: 1.659 acres	\$1,445,320	July 12, 2024

As of October 1, 2024, the outstanding balance on the Acquisition Loan is \$415,458.42. The Acquisition Loan bears interest at a rate of 8.50%. Interest is payable monthly, and principal is due at maturity. The Acquisition Loan currently matures on December 15, 2024. The Acquisition Loan is personally guaranteed by Eric Langan and Louis Tannos.

The Acquisition Loan is secured by a lien on all property in the District. The Developer expects to obtain a release of Lot 8 and Lot 10 from the deed of trust securing the Acquisition Loan to facilitate the contribution of Lot 8 and Lot 10 to Lone Star Campus LLC as described in the Developer's operating agreement. The Acquisition Loan is also secured by assignments of the Developer's rights under certain contracts, including the Development Agreement.

Lone Star Campus R1 LLC (an entity owned 50% by Russell Handy, a Developer principal, and managed by Wolfgramm) utilized a loan from the Lender (the "LSCR1 Acquisition Loan") in the original principal amount of \$1,609,000 for its purchase of Lot 1 in the District. As of October 1, 2024, the outstanding balance of the LSCR1 Acquisition Loan is \$1,609,000. The LSCR1 Acquisition Loan bears interest at a rate of 8.25%. Interest is payable monthly, and principal is due at maturity. The LSCR1 Acquisition Loan currently matures on July 12, 2025. The LSCR1 Acquisition Loan is personally guaranteed by Russell Handy, Koloa Wolfgramm, and Phillip Wolfgramm.

The LSCR1 Acquisition Loan is secured by a lien on Lot 1 (which is approximately 1.659 acres) in the District and an additional approximately 1.6 acres of land located outside the District.

The PID Act provides that the Assessment Lien is a first and prior lien against an Assessed Property within the District and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Bonds, the Lender shall consent to and acknowledge the creation of the District, the levy of the Assessments and the subordination of the lien securing the Acquisition Loan and the LSCR1 Acquisition Loan to the assessment lien on property within the District securing payment of the Assessments. As a result, the lien on the property within the District securing the Assessments will have priority over the lien on the property within the District securing the Acquisition Loan and the LSCR1 Acquisition Loan.

According to records obtained from the Harris County property records, to finance his purchase of Lots 4 and 5 in the District, Ajay Jain obtained a loan from Cadence Bank in an original principal amount of \$1,489,473. Such Cadence Bank loan is evidenced by a note that matures on March 27, 2026 and is secured by a lien on Lots 4 and 5 in the District. Ajay Jain has not participated in the issuance of the Bonds or in the preparation of this Limited Offering Memorandum and, accordingly, it is not expected that Cadence Bank will provide any acknowledgement or consent to the Assessments. As noted above, however, the PID Act provides that the Assessment Lien is a first and prior lien against an Assessed Property within the District and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes.

After the release of Lot 8 and Lot 10 from the deed of trust securing the Acquisition Loan, the Developer does not expect that there will be liens associated with the acquisition of Lot 8 and Lot 10 by Lone Star Campus LLC, which lots are expected to be contributed to Lone Star Campus LLC in accordance with the Developer's operating agreement.

Vertical Development Financing. Vertical development in the District is expected to be funded through a combination of equity, joint venture financing, or by one or more loans acquired by the various property owners in the District. It is expected that all lots in the District other than Lot 2, Lot 3, Lot 4 and Lot 5 will be owned and developed by various entities owned and/or controlled by the Developer, Wolfgramm or a joint venture entity formed between Wolfgramm and the Developer as described below and under "THE DEVELOPMENT – Expected Vertical Development in the District."

For Lot 1, Wolfgramm has approached Cotecon USA, a construction company to which Wolfgramm has close ties, to carry the construction financing for vertical development. Finalization of such arrangement is currently awaiting biddable construction documents; however, if the financing arrangement with Cotecon USA is not finalized, Lone Star Campus R1 LLC will either self-finance or pursue a traditional construction loan for vertical construction on Lot 1. The construction loan may be with the Lender as part of upsizing the LSCR1 Acquisition Loan, or a separate construction loan that will take out the LSCR1 Acquisition Loan.

The owners of Lot 2, Lot 3, Lot 4 and Lot 5 have not participated in the preparation of this Limited Offering Memorandum or provided information regarding the financing of vertical development thereon. A search of the Harris County Property Records indicates that there are no deeds of trust filed in the name of the owners of Lot 2 or Lot 3 reflecting any lender financing of vertical development of Lot 2 or Lot 3. In addition, the deed of trust reflecting the

Cadence Bank loan for the acquisition of Lots 4 and 5 reflects only a note in amounts sufficient for the purchase of Lots 4 and 5. The Developer does not have additional information relating to the financing arrangements for construction of the vertical improvements on Lot 2, Lot 3, Lot 4 and Lot 5. No assurance can be given that the owners of Lot 2, Lot 3, Lot 4 and Lot 5 will have or be able to obtain sufficient capital to complete vertical development on such Lots.

The Developer has not entered into any contracts for, and does not expect to enter into any contracts for the sale of Lot 6, Lot 7, or Lot 9. The Developer expects that Lot 6, Lot 7 and Lot 9 will be contributed to a joint venture entity formed between the Developer and a Wolfgramm affiliated entity that will complete the vertical development. Vertical development on Lot 6, Lot 7, and Lot 9 is expected to be financed with investor equity and bank debt.

Lone Star Campus LLC is expected to be the initial owner of Lot 8 and Lot 10 after the transfers pursuant to the Developer's operating agreement. It is expected that Lone Star Campus LLC will transfer such lots to a separate single purpose "Lone Star" entity, which will similarly be controlled by Wolfgramm, in order to finance vertical development on Lot 8 and Lot 10. Vertical development of the hotel on Lot 8 is expected to be financed with investor equity and bank debt in addition to key money provided by the hotel brand. Vertical development on Lot 10 is expected to be financed with investor equity and bank debt.

The Developer has not entered into any contracts for, and does not expect to enter into any contracts for, the sale of Lot 11. The Developer expects to own and complete vertical development on Lot 11. Vertical development on Lot 11 is expected to be financed with investor equity and bank debt.

Lone Star Campus MFH LLC, which is controlled by Wolfgramm, is expected to own and finance vertical development on Lot 12. Vertical development on Lot 12 is expected to be financed with investor equity and bank debt.

THE ADMINISTRATOR

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

The City has selected P3Works, LLC as the Administrator for the District. The City has entered into an agreement with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and is based in Austin, Houston and North Richland Hills, Texas.

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan
- Preparation of assessment rolls for City billing and collection
- Establishing and maintaining a database of all City parcel IDs within the District
- Trust account analysis and reconciliation
- Property owner inquires
- Determination of Prepayment amounts
- Preparation and review of disclosure notices with Dissemination Agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by the Administrator and has been included in reliance upon the authority of such firm as an expert in the field formation and administration of public improvement districts.

APPRAISAL

The Appraisal

General. Integra Realty Resources – Dallas (the “Appraiser”), prepared an appraisal report for the City based upon a physical inspection of the property in the District conducted on July 5, 2024 (the “Appraisal”). The Appraisal was prepared at the request of the City. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX E and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX E — APPRAISAL.”

Value Estimates. The Appraiser estimated the aggregate market value of the fee simple interest in various tracts of land in the District, effective as of July 5, 2024 with respect to Lots 1-5 and as of May 31, 2025 with respect to Lots 6-12. The Appraiser used certain extraordinary assumptions in its valuation, including the extraordinary assumption that the Initial Major Improvements and the Additional Major Improvements are completed as of the effective date thereof and the extraordinary assumption that Lots 6-12, which currently sit in the flood plain have been elevated out of the flood zone as part of the development process. See “THE INITIAL MAJOR IMPROVEMENTS,” “PLAN OF FINANCE” and “THE DEVELOPMENT – Development Plan.” The Appraisal does not reflect the as-is condition of the District as the Initial Major Improvements and the Additional Major Improvements have not yet been constructed and the property in Lots 6-12 has not yet been raised out of the flood plain. See “THE DEVELOPMENT – Flood Plain Designation” and “BONDHOLDERS’ RISKS – 100-Year and 500-Year Flood Plain.” The Appraisal additionally estimated the value of the constructed buildings on Lots 1-5, effective as of May 31, 2025, under the extraordinary assumption that the buildings are complete and stabilized as of such effective date. The Appraisal does not reflect the as-is condition of the buildings on Lots 1-5 as such buildings have not yet been constructed.

The Appraisal sets forth the following values for each Lot and the expected buildings on Lots 1-5 as shown below:

<u>Lot</u>	<u>Estimated Appraised Market Value</u>	<u>Lot Total with Building Value</u>
Lot 1	\$ 1,450,000	\$ 9,780,000
Lot 2	1,280,000	9,350,000
Lot 3	1,440,000	10,410,000
Lot 4	1,390,000	9,450,000
Lot 5	1,270,000	11,980,000
Lot 6	3,050,000	
Lot 7	2,720,000	
Lot 8	2,090,000	
Lot 9	3,080,000	
lot 10	2,890,000	
Lot 11	1,240,000	
Lot 12	16,020,000	
Total Estimated Land Value	<u>\$37,920,000</u>	

<u>Building/Lot</u>	<u>Estimated Appraised Market Value</u>
Building 1 (Lot 1) (Estimated 15,374 sf)	8,330,000
Building 2 (Lot 2) (Estimated 14,880 sf)	8,070,000
Building 3 (Lot 3) (Estimated 16,608 sf)	8,970,000
Building 4 (Lot 4) (Estimated 14,862 sf)	8,060,000
Building 5 (Lot 5) (Estimated 14,684 sf)	10,710,000
Total Estimated Building Value	<u>\$44,140,000</u>

It is noted that building values set forth in the Appraisal for Lots 1-5 are based on as estimated maximum building square footage based on schematics provided for Lots 1-5 and such square footages differ from the projected square footage of vertical retail development on such lots shown under “THE DEVELOPMENT – Expected Vertical Development in the District” and on the CONCEPT PLAN FOR DEVELOPABLE LAND IN THE DISTRICT set forth on page vi hereof. Further, the Appraisal’s analysis predated the execution of the leases and the B&B Letter of Intent described under “THE DEVELOPMENT – Expected Vertical Development in the District” and such leases and letters of intent are not reflected in the Appraiser’s analysis.

The collective value estimate for the assessable land within the District and the expected buildings on Lots 1-5 using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of the respective effective dates for each portion of the Appraisal, is \$82,060,000.

For additional description of the valuation methodologies, extraordinary assumptions and hypothetical conditions underlying the Appraisal, see “APPENDIX E — APPRAISAL.”

None of the City, the Developer nor the Underwriter makes any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective investors should read the complete Appraisal in order to make an informed decision regarding any contemplated purchase of the Bonds. The complete Appraisal is attached hereto as APPENDIX E.

BONDHOLDERS’ RISKS

General

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

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

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

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

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

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so.

Deemed Representations and Acknowledgment by Investors

Each Investor will be deemed to have acknowledged and represented to the City the matters set forth under the heading "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" which include, among others, a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading "BONDHOLDERS' RISKS" and elsewhere herein, and such Investor, either alone or with its purchaser representative(s) (as defined in Rule 501(h) of Regulation D under the Securities Act of 1933), has sophisticated knowledge and experience in financial and business matters and the capacity to evaluate such risks in making an informed investment decision to purchase the Bonds, and the Investor can afford a complete loss of its investment in the Bonds.

Assessment Limitations

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

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a Bond Reserve Account and a Delinquency and Prepayment Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Bond Reserve Account and the Delinquency and Prepayment Reserve Account and delay in payments of debt service on the Bonds. See "BONDHOLDERS' RISKS — Bondholders' Remedies and Bankruptcy" herein.

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

Based upon the language of Texas Local Government Code, §372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment

payments not being accelerated. Texas Local Government Code § 372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

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

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer and the other parcel owners within the District are not eligible to claim homestead rights and the Developer and such additional parcel owners are expected to own all property within the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

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

THE ASSESSMENTS WILL CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND WILL BE A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN THE DISTRICT.

The Assessments to be levied for the payment of the Bonds and the Additional Major Improvement Assessments to be levied for and pledged to the payment of the Additional Major Improvements Reimbursement Obligation have a lien of equal dignity of the parcels assessed therefor. In the event of partial payments of the Annual Installments of the Assessments and the Additional Major Improvement Assessments, the Harris County Tax Assessor/Collector advises that such partial payments will be applied to the payment of the Annual Installments of the Assessments and the Additional Major Improvement Assessments on a pro rata basis unless otherwise directed by the payer of such Annual Installments of the Assessments and the Additional Major Improvement Assessments.

Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption

The Service and Assessment Plan establishes the Maximum Assessment per Unit/square foot for each Lot Type in the District. In the District, the Maximum Assessment per Unit/square foot for the Initial Major Improvement for each Lot Type is as follows:

<u>Lot Type</u>	<u>Maximum Assessment per Unit/Sq. Ft. *</u>
1	\$28.25
2	\$23.49
3	\$10,630.44
4	\$19.81
5	\$31.95

* Preliminary; subject to change.

See “APPENDIX B — Form of Service and Assessment Plan.”

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per lot for any Lot Type exceeding the Maximum Assessment. If the Administrator determines that the resulting Assessment per lot for any Lot Type will exceed the Maximum Assessment, the Service and Assessment Plan provides that the person or entity filing the plat shall make a mandatory prepayment of the Assessments. See “ASSESSMENT PROCEDURES – Assessment Amounts – Maximum Assessment.”

No plat has been filed for lots in the District. In the event that the estimated build out value of lots or parcels in the District falls prior to the filing of a plat for the District, a mandatory prepayment of the Assessments could be triggered at the time of filing of the plat. Any mandatory prepayment of the Assessments related to the exceedance of the Maximum Assessment may trigger an optional redemption of the Bonds by the City. See “DESCRIPTION OF THE BONDS – Redemption Provisions.”

Competition

Development in the Houston area is very competitive, and none of the Developer, the City, the City’s Financial Advisor or the Underwriter can give any assurance that the vertical building programs which are planned will be completed in accordance with the Developer’s expectations. The competitive position of the Developer in the sale of developed commercial or multifamily pad lots or of the end users in the leasing or use of commercial, office or multifamily space or the construction and sale of condominium units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise be able to compete with the Development. A sample competitive project near the Development is below.

<u>Project Name</u>	<u>Type of Development</u>	<u>Proximity to District (Miles)</u>	<u>Developer/Builders</u>
Flyway (Webster, TX)	Mixed use with entertainment, dining, recreation, and sports entertainment venues anchored by Great Wolf Lodge indoor waterpark resort hotel and conference center	4.3	Medistar Corporation/ Webster EDC

Additional competitive projects may be found in the Appraisal. See “APPENDIX E – Appraisal.”

Recent Changes in State Law Regarding Public Improvement Districts; Failure of Developer to Deliver Required Notice Pursuant to Texas Property Code May Affect Absorption Schedule and Provide for Prepayments Causing Partial Redemptions of Bonds

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or any sellers of property within the District do not provide the required notice and prospective purchasers of property within the District terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney’s fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney’s fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be prepaid. In the event of such prepayment, a partial redemption of the Bonds could occur. See “DESCRIPTION OF THE BONDS – Redemption Provisions.” On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further however, if the Developer or any sellers of property within the District do not provide the required notice and become liable for monetary damages, the

anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The form of notice to be provided to purchasers of property in the District is attached to the Service and Assessment Plan and will be attached to each Annual Service Plan Update. See “APPENDIX B — Form of Service and Assessment Plan.”

Risks Related to Current Increase in Costs of Building Materials

There have been substantial increases in the cost of materials, causing many builders and general contractors to experience budget overruns. If the construction costs associated with completing buildings in the District are substantially higher than the estimated costs or if the entities constructing building within the District are unable to access building materials in a timely manner, it may affect the ability of property owners in the District to complete the construction of or pay the Assessments when due. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of the District.

Loss of Tax Exemption

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

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

TIRZ Credit and Marketing of the Development

The TIRZ Revenues are generated only from ad valorem taxes levied and collected by the City on the captured appraised value of property within the District in the TIRZ in any year. Consequently, TIRZ Revenues are generated only if the appraised value of real property in the District in any year is greater than the base value. Any delay or failure of Developer or other property owners to develop the District or construct vertical improvements in the District may result in a reduced amount of the TIRZ Revenue being available to credit the Assessments. TIRZ Revenues generated from the captured appraised value for each Lot or parcel in the District during the development of such Lot or parcel will result in a TIRZ Annual Credit Amount which is not sufficient to achieve the Targeted Ad Valorem Tax Rate Equivalent. The TIRZ Annual Credit Amount is not expected to be sufficient to provide for the Targeted Ad Valorem Tax Rate Equivalent on any parcel or Lot until the second year that full buildout on any on such Lot or parcel is assessed, assuming such parcel or Lot is developed under the assumptions provided by the Developer as described under the heading “THE DEVELOPMENT – Development Plan.” See also “OVERLAPPING TAXES AND DEBT.”

It is uncertain what impact, if any, the TIRZ Credit application will have on the competitiveness of leasing rates of commercial properties in the District.

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Depletion of Reserve Fund

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

Hazardous Substances

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

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

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

The Developer has not requested a Phase I Environmental Site Assessment on the property in the District. See “THE DEVELOPMENT – Environmental” for a summary of the ERS Report commissioned with respect to the District property.

Regulation

Development within the District may be subject to future federal, state and local regulations. Approval may be required from various agencies from time to time in connection with the layout and design of development in the District, the nature and extent of public improvements, land use, zoning and other matters. Failure to meet any such

regulations or obtain any such approvals in a timely manner could delay or adversely affect development in the District and property values.

Bondholders' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and upon the written request of at least 25% the owners of the Bonds and its receipt of indemnity satisfactory to it, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

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

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

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Court reviewed *Wasson Interests, Ltd. v. City of Jacksonville* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to waive immunity when a city performs a proprietary function.

The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Bonds may

not be able to bring such a suit against the City for breach of the Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

No Acceleration

The Indenture does not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Tax-Exempt Status of the Bonds

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

Bankruptcy Limitation to Bondholders’ Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under Texas law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

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

remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

Management and Ownership

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

General Risks of Real Estate Investment and Development

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in any lot purchase contracts are not met. Contracts that the Developer may have with individual purchasers are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of pad sites, causing the Developer to possibly need to execute a different strategy for the development and sale of pad sites within the Development. As described herein, the Assessments are an imposition against the land only. Neither the Developer nor any other subsequent landowner is a guarantor of the Assessments and the recourse for the failure of the Developer or any other landowner to pay the Assessments is limited to the collection proceedings against the land as described herein.

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

Dependence Upon Developer and Related Entities

The Developer, as the owner of the majority of the parcels in the District, currently has the obligation for payment of approximately 94.388% of the Assessments. See "ASSESSMENT PROCEDURES – Assessment Payer Concentration." It is expected that entities controlled by the Developer, Wolfgramm, or a joint venture between the Developer and Wolfgramm will develop and own the majority of property in the District and, accordingly, payment of the Assessments and the Additional Major Improvement Assessments will be concentrated in entities controlled by the Developer and/or Wolfgramm for the foreseeable future. See "THE DEVELOPMENT – Expected Vertical Development in the District" and "THE DEVELOPER – History and Financing of the District."

The ability of the Developer, Developer related entities, and other current property owners, to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The only assets of the Developer are land within the District, related permits and development rights, and minor operating accounts. The source of funding for future land development activities and infrastructure construction to develop the proposed development in the District consists of proceeds from the Bonds, as well as possible bank financing, investor capital, and equity contributions by the Developer, and proceeds of the Additional Major Improvement Bonds, if such bonds are issued in the future. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

Moreover, the City will pay to the Developer or the Developer's designee costs for a portion of the Initial Major Improvements from proceeds of the Bonds. The Developer will submit payment requests for costs actually incurred in developing and constructing the Initial Major Improvements, and be paid in accordance with the Development Agreement and the Indenture. See "THE INITIAL MAJOR IMPROVEMENTS – General," "THE DEVELOPMENT AGREEMENT" and "THE DEVELOPMENT – Development Plan." There can be no assurances given as to the financial ability of the Developer to complete such improvements.

Neither the Developer nor any other parcel owner in the District will guarantee or otherwise be obligated to pay debt service on the Bonds.

Potential Future Changes in State Law Regarding Public Improvement Districts

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

Use of Appraisal

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

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

Exercise of Third Party Property Rights

As described herein under “THE DEVELOPMENT — Existing Mineral Rights, Easements and Other Third Party Property Rights”, third parties hold title to certain Third Party Property Rights applicable to real property within and around the District, including reservations of mineral rights and royalty interests and easements, pursuant to various instruments in the chain of title for various tracts of land within and around the District.

The Developer does not expect the existence or exercise of such Third Party Property Rights or other third party real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the District, the City’s Financial Advisor, the Underwriter, the Developer or the Administrator provide any assurances as to such Developer expectations.

Availability of Utilities

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

Risk from Weather Events

All of the State, including the City and the District, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, flooding, heavy rains, extreme heat, and freezes, including events similar to the severe winter storm that the continental United States experienced in February 2021, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. The City is located approximately 25 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain, and flooding caused by hurricanes, tropical storms, and other tropical disturbances. It is impossible to predict whether similar events will occur in the future and the impact they may have on the City or the District.

In the event of a hurricane, fire, flood, tornado, earthquake, natural disaster, or other cause severely damaging the improvements in the Development, there can be no assurance that such facilities will be rebuilt. In such case, completion of Initial Major Improvements, Additional Major Improvements, and the overall success of the Development could be adversely affected. There can be no assurance that insurance will be properly maintained with adequate coverage or that insurance proceeds will be sufficient or even available to repair or rebuild properties. Further, any insurance proceeds are not assigned as security for the Bonds. The restoration of properties may be delayed by other factors, or the terms of then-applicable mortgage financing could require the application of insurance proceeds to the reduction of mortgage balances rather than the reconstruction or restoration of damaged facilities. Any of the foregoing circumstances could result in a delay in completion of the Development.

Numerous studies have described changing weather patterns and the potential for increasing extreme weather events. Areas within the Development may be vulnerable to flooding, including stormwater flooding, extreme fluctuations in weather temperature, hurricanes, tornadoes and other damaging winds and other severe weather conditions. The timing, extent or severity of climate change and its impact on the Development cannot be predicted.

100-Year and 500-Year Flood Plain

According to FEMA FIRM No. 48167C0018G revised on August 15, 2019 approximately 87.95 acres of land in the District, which includes Lots 6-12 in the District, is located in special flood hazard areas subject to inundation by a 100-year and 500-year flood. The Initial Major Improvements and Additional Major Improvements will include drainage and detention infrastructure to assist with flood control and flood mitigation, and the Developer is expected to utilize fill dirt to raise the elevation of Lots 6-12 out of flood plain elevations and allow for all buildings on such lots to be constructed above the flood plain. The Developer expects to apply for a LOMR-F (a Letter Of Map Revision Based on Fill), which LOMR-F may be applied for during construction. The Developer expects the process to receive a LOMR-F to take approximately 6 months. Subsequent to the LOMR-F, the Developer expects to apply for a formal LOMR to allow for removal of Lots 6-12 from special flood hazard areas subject to inundation by a 100-

year and 500-year flood. The Developer expects that such process will take approximately 1-2 years. No assurance can be given as to if or when FEMA will approve a LOMR-F or a LOMR. Irrespective of whether FEMA approves a LOMR-F or LOMR, the Developer indicates flood insurance is and will continue to be required by any lender for all properties in the District.

FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer make any representation as to whether FEMA may revise its Flood Insurance Rate Maps in the future, or whether extreme flooding events may occur more often than assumed in FEMA's Flood Insurance Rate Maps, including whether properties in the District which have been raised out of flood plain elevations as described above may be subject to such flooding events.

It is further noted that a portion of the District is located in a regulatory floodway. Such property is expected to be used as open space. See "THE DEVELOPMENT – Flood Plain Designation." No assurance can be given as to what effect, if any, the existence of a regulatory floodway in the District will have on the development or value of the property in the District.

Judicial Foreclosures

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

No Credit Rating

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

Limited Secondary Market for the Bonds

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

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TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not a specific preference item for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the “Service”). The City has covenanted in the Indenture that it will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the City and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the City and such parties, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Indenture or if such representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel’s ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section

56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium. If the issue price of a maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount. If the issue price of a maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Limited Offering Memorandum.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Limited Offering Memorandum. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such OID Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes. Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax counsel.

LEGAL MATTERS

Legal Proceedings

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

Bracewell LLP serves as Bond Counsel to the City. Locke Lord LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

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

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation — The City

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

Litigation — The Developer

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its members or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”).

SUITABILITY FOR INVESTMENT

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

to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

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

NO RATING

No application for a rating on the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

CONTINUING DISCLOSURE

The City

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

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

The City’s Compliance with Prior Undertakings

During the last five years, the City has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

The Developer

The Developer, the Administrator, and the Dissemination Agent expects to enter into a Continuing Disclosure Agreement (the “Developer Disclosure Agreement”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Developer Disclosure Agreement, certain information regarding the Development and the Initial Major Improvements (collectively, the “Developer

Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX D-2 — Form of Developer Disclosure Agreement.” Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Developer Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Developer Disclosure Agreement would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Developer Disclosure Agreement is a voluntary agreement made for the benefit of the holders of the Bonds and is not entered into pursuant to the Rule.

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

The Developer’s Compliance with Prior Undertakings

The Developer has not entered into any previous undertakings to provide continuing disclosure.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$_____ (the par amount of the Bonds, less an underwriting discount of \$_____, which includes Underwriter’s Counsel’s fee of \$_____). The Underwriter’s obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

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

INVESTMENTS

The City invests its funds in investments authorized by Texas law in accordance with investment policies approved by the City Council. Both Texas law and the City's investment policies are subject to change.

Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) certificates of deposit and share certificates (i) issued by or through an institution that either has its main office or a branch office in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash

invested in obligations described in clauses (1) through (6) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and comply with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset and fund type invested at the beginning and end of the reporting period by the type of asset and fund type invested, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers’ with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City’s entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (6) provide specific investment training for the officers of the City; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

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

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

Additional information about the Trustee may be found at its website at www.wilmingtontrust.com. Neither the information on the Trustee’s website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Initial Major Improvements, the Development and the Developer generally and, in particular, the information included in the sections captioned "THE INITIAL MAJOR IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Initial Major Improvements, the Additional Major Improvements and the Development), "LEGAL MATTERS — Litigation — The Developer," "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by the Administrator and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by the Appraiser, and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property.

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

In the Bond Ordinance, the City Council is expected to approve the form and content of this preliminary Limited Offering Memorandum and authorize and ratify the use of this preliminary Limited Offering Memorandum by the Underwriter in connection with the marketing and sale of the Bonds, and approve the form and content of the final Limited Offering Memorandum.

APPENDIX A
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF FRIENDSWOOD, TEXAS

and

Wilmington Trust, National Association

as Trustee

DATED AS OF NOVEMBER 1, 2024

SECURING

CITY OF FRIENDSWOOD, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR
IMPROVEMENTS PROJECT)

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INDENTURE OF TRUST

This Indenture of Trust, dated as of November 1, 2024 is by and between the City of Friendswood, Texas (the “City”), and Wilmington Trust, National Association, a national banking association, as trustee (together with its successors, the “Trustee”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article 1.

WHEREAS a petition (the "Petition") was submitted and filed with the City Secretary requesting the establishment of a public improvement district pursuant to Chapter 372, Texas Local Government Code, as amended, (the “PID Act”) to be known as the Friendswood City Center Public Improvement District (the "District" or “PID”); and

WHEREAS the Petition was submitted by the record owners of taxable real property representing more than fifty percent (“50%”) of the appraised value of the taxable real property liable for assessment (as determined by the most recent certified appraisal roll for Harris County) in the proposed PID and the record owners of taxable real property that constitute more than 50% of all of the area of all taxable real property that is liable for assessment in the proposed PID; and

WHEREAS, on November 6, 2023, the City Council of the City (the “City Council”) accepted the Petition and called a public hearing for December 4, 2023, on the creation of the District and the advisability of the improvements; and

WHEREAS, on January 9, 2024, the City Secretary of the City filed a copy of Resolution No. R2024-01 with the county clerk of each county in which all or a part of the District is located in accordance with the PID Act; and

WHEREAS, after publication and mailing of notice of a public hearing on the creation of the District and after conducting the public hearing on December 4, 2023, the City Council approved the creation of the District on January 8, 2024, by Resolution No. 2024-01; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, adopted a resolution accepting preliminary assessment roll of the District and directing that the City Secretary make the same available for inspection, and directing City staff that notice be mailed to the property owners in the District and published in a newspaper of general circulation within the City; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a November 4, 2024 public hearing (the “Assessment Hearing”) in a newspaper of general circulation in the City, to consider the proposed Initial Major Improvement Assessment Roll for the Initial Major Improvements and the Service and Assessment Plan and the levy of the Initial Major Improvement Assessments on property within the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the Assessment Hearing to consider the proposed Initial Major Improvement Assessment Roll and the Service and Assessment Plan and the levy of Initial Major Improvement Assessments on property in the District to the last known address of the owners of the property liable for the Initial Major Improvement Assessments; and

WHEREAS, the City Council convened the Assessment Hearing on November 4, 2024 and at such public hearing all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Initial Major Improvement Assessment Roll and the Initial Major Improvement Assessments, and to offer testimony pertinent to any issue presented on the amount of the Initial Major Improvement Assessments, the allocation of the costs of the Initial Major Improvements (defined herein), the purposes of the Initial Major Improvement Assessments, the special benefits of the Initial Major Improvement Assessments, and the penalties and interest on Initial Major Improvement Annual Installments and on delinquent Initial Major Improvement Annual Installments of the Initial Major Improvement Assessments; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Initial Major Improvement Costs, the Initial Major Improvements Assessment Roll, and the levy of the Initial Major Improvement Assessments; and

WHEREAS, on November 4, 2024, the City Council closed the Assessment Hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance and therein approved the Initial Major Improvements Assessment Roll and levied the Initial Major Improvement Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Initial Major Improvement Assessments for the purpose of (i) paying or reimbursing a portion of the costs of the Initial Major Improvement Costs, (ii) funding a reserve fund for payment of principal and interest on the revenue bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying costs of issuance; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the "Bonds"), such Bonds being payable solely from the Pledged Revenues (defined herein) and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, the Trustee has agreed to accept the trusts herein created upon the terms set forth in this Indenture;

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys,

rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

FIRST GRANTING CLAUSE

The Pledged Revenues and all moneys and investments held in the Pledged Funds and Accounts including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and,

SECOND GRANTING CLAUSE

Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security hereunder by the City or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors or assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, that if and to the extent Initial Major Improvement Assessments have been prepaid, the lien on real property associated with such Initial Major Improvement Assessment prepayment shall be released from the Trust Estate and shall no longer constitute a part of the Trust Estate;

PROVIDED, FURTHER, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on all the Bonds at the times and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect;

IN ADDITION, the Bonds are special obligations of the City payable solely from the Trust Estate, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge against the general credit or taxing powers of the City and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners of the Bonds shall never have the right to demand payment thereof out of any funds of the City other than the Trust Estate. The City shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Pledged Revenues.

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the

Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE 1

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1 Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Indenture, the following terms shall have the meanings specified below:

“Account” means any of the accounts established pursuant to Section 5.1 of this Indenture.

“Actual Costs” shall have the meaning assigned to it in the Service and Assessment Plan.

“Additional Interest” means the 0.50% additional interest, if charged and collected pursuant to this Indenture on the Initial Major Improvement Assessments pursuant to Section 372.018 of the PID Act and described in Section VI of the Service and Assessment Plan.

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Initial Major Improvement Assessments securing the Bonds, levied against property within the District in accordance with the PID Act.

“Administrative Fund” means that Fund established by Section 6.1 and administered pursuant to Section 6.10 hereof.

“Administrator” means an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with

respect to Initial Major Improvement Assessments and Initial Major Improvement Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming Bonds; (7) investing or depositing Initial Major Improvement Assessments and Initial Major Improvement Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

"Annual Service Plan Update" means an update to the Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

"Applicable Laws" means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State of Texas or of the United States, by which the City and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

"Assessed Property" means any Parcel within the District against which an Initial Major Improvement Assessment is levied.

"Assessment Hearing" has the meaning set forth in the recitals.

"Assessment Ordinance" means that certain ordinance adopted by the City Council on November 4, 2024, that levied the Initial Major Improvement Assessments on each Assessed Property.

"Authorized Denomination" means \$100,000 and any integral multiple of \$1,000 in excess of \$100,000, or a smaller denomination, if any, resulting from a partial redemption of Bonds as determined in accordance with Section 4.5 hereof or as a result of any partial defeasance of the Bonds.

"Authorized Improvements" means the improvements authorized by Section 372.003 of the PID Act, including Initial Major Improvements, First Year Annual Collection Costs, and Bond Issuance Costs, as described in Section III, of the Service and Assessment Plan and as shown on Exhibit B-1 of the Service and Assessment Plan.

"Bonds" means the City of Friendswood, Texas Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvement Project) issued by the City pursuant to this Indenture and payable from and secured in whole or in part by the Initial Major Improvement Assessments including any Refunding Bonds and any Bonds issued in exchange or replacement thereof as permitted by this Indenture.

"Bond Counsel" means Bracewell LLP or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and federal income tax status of securities issued by public entities.

“Bond Fund” means the Fund by such name established pursuant to Section 6.1 and administered as provided in Section 6.4.

“Bond Issuance Costs” means the costs associated with issuing Bonds, including but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the Bonds.

“Bond Reserve Account” means the Account by such name established within the Reserve Fund pursuant to Section 6.1 and administered as provided in Section 6.7.

“Bond Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the stated principal amount of the Bonds as of the Closing Date; provided, however that subsequent to the Closing Date of the Bonds, such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 6.7(c), (b) a mandatory sinking fund redemption pursuant to the terms of this Indenture, (c) an optional redemption pursuant to the terms of this Indenture or (d) an extraordinary optional redemption pursuant to the terms of a this Indenture

“Bond Year” means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.

“Business Day” means any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the City or the Trustee, or any national holiday observed by the Trustee.

“Certificate for Payment” means a certificate substantially in the form of Exhibit B attached hereto approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed with respect to the Initial Major Improvements and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 6.5 herein.

“City Certificate” means a certificate or written instructions signed by the City Representative and delivered to the Trustee.

“City Representative” means any official or agent of the City authorized by the City Council to undertake the action referenced herein. As of the date hereof, the Director of Finance, the City Manager, and/or their designees are the authorized City Representatives.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit C attached hereto, approved by the Developer and the City Representative, delivered to the Trustee specifying the amounts to be paid on the Closing Date for the costs of establishing the District, as further described in Section 6.5 herein.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Costs of Issuance Account” means the Account by such name established within the Project Fund pursuant to Section 6.1.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

“Delinquency and Prepayment Reserve Account” means the reserve account established in accordance with Section 6.1 and administered as provided in Section 6.8.

“Delinquency and Prepayment Reserve Requirement” means an amount equal to 2.5% of the principal amount of the Outstanding Bonds which may be funded from Bond proceeds and revenues received from the payment of Additional Interest deposited to the Pledged Revenue Fund pursuant to this Indenture.

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Property and the costs of collection of a delinquent Initial Major Improvement Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

“Delinquent Penalties and Interest” means any delinquent interest and delinquent penalty interest collected on a delinquent Initial Major Improvement Assessment.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in Dallas, Texas, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“Developer” means Madison Development Corp., LLC, a Texas limited liability company, and its respective successors and assigns.

“Development Agreement” means the Friendswood City Center Development Agreement, between the City and the Developer relating to the Bonds, effective as of January 8, 2024, as amended from time to time.

“District” means the Friendswood City Center Public Improvement District.

“DTC” shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” shall mean brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“First Year Annual Collection Costs” means the Annual Collection Costs associated with the first year of the District.

“Foreclosure Proceeds” means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Initial Major Improvement Assessments against any Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Fund” means any of the funds established pursuant to Section 6.1 of this Indenture.

“Indenture” means this Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more indentures supplemental hereto and entered into pursuant to the applicable provisions hereof.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the City who, or each of whom: (i) is judged by the City, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Initial Bond” means the Initial Bond as set forth in Exhibit A attached hereto.

“Initial Major Improvements” means those certain Authorized Improvements, the costs of which are allocated to the Initial Major Improvements Assessments, as described in Section III.A of the Service and Assessment Plan and shown on Exhibit B-1 of the Service and Assessment Plan.

“Initial Major Improvement Account” means the Account by such name established within the Project Fund pursuant to Section 6.1.

“Initial Major Improvement Annual Installment” means the annual installment of the Initial Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if charged and collected pursuant to the Indenture and the Service and Assessment Plan, and; (4) the pro rata portion of the Annual Collection Costs based on the outstanding Initial Major Improvement Assessments as shown on Exhibit G-1 of the Service and Assessment Plan.

“Initial Major Improvement Assessments” means an assessment levied against the Assessed Property for the Initial Major Improvements and imposed pursuant to the Assessment Ordinance and the provisions hereof, as shown in the Initial Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in Section VI of the Service and Assessment Plan and the PID Act, which Initial Major Improvement Assessments secure the Bonds.

“Initial Major Improvement Assessment Roll” means the assessment roll for the Assessed Property of the Initial Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act. The Initial Major Improvements Assessment Roll is included as Exhibit G-1 to the Service and Assessment Plan.

“Initial Major Improvement Costs” means Actual Costs of the Initial Major Improvements as set forth in the Service and Assessment Plan.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being March 15 and September 15 of each year, commencing March 15, 2025.

“Investment Securities” means those authorized investments described in the City’s official investment policy as approved by the City Council from time to time, and eligible for the investment of public funds by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

“Maximum Annual Debt Service” means the largest amount of Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Outstanding” means, as of any particular date when used with reference to the Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article 4, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

“Owner” means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 herein.

“Parcel” has the meaning given such term in the Service and Assessment Plan.

“Paying Agent/Registrar” means initially the Trustee, or any successor thereto as provided in this Indenture.

“Person” or “Persons” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

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

“Pledged Funds and Accounts” means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund, and the Redemption Fund.

“Pledged Revenue Fund” means the Fund by such name established pursuant to Section 6.1 and administered pursuant to Section 6.3 hereof.

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

“Prepayment” means the payment of all or a portion of an Initial Major Improvement Assessment before the due date thereof.

“Principal and Interest Account” means the Account by such name established within the Bond Fund established pursuant to Section 6.1.

“Project Fund” means that Fund by such name established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

“Purchaser” means the initial purchaser of the Bonds.

“Rebate Fund” means that Fund by such name established pursuant to Section 6.1 and administered pursuant to Section 6.9 herein.

“Record Date” means the close of business on the last calendar day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

“Redemption Fund” means that Fund by such name established in Section 6.1 and administered pursuant to Section 6.6 of this Indenture.

“Redemption Price” means, when used with respect to any Bonds or portion thereof, the principal amount of such Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bonds to the date fixed for redemption payable upon redemption.

“Refunding Bonds” means Bonds security by a parity lien, with the Outstanding Bonds, on the Trust Estate, as more specifically described in the applicable indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

“Register” means the register specified in Article 3 of this Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Service and Assessment Plan” means the document, including the Initial Major Improvement Assessment Roll, which is attached as Exhibit A to the Assessment Ordinance, as may be updated, amended, and supplemented from time to time.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the principal of the Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

“Stated Maturity” means the date the Bonds, or any portion of the Bonds, as applicable are scheduled to mature without regard to any redemption or prepayment.

“Supplemental Indenture” means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

“Tax Certificate” means the Federal Tax Certificate delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date relating to the tax-exempt status of the Bonds.

“Trustee” means Wilmington Trust, National Association, a national banking association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article 8 hereof, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

“Trust Estate” means the Trust Estate described in the granting clauses of this Indenture.

Section 1.2 Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Indenture are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.3 Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4 Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

ARTICLE 2

THE BONDS

Section 2.1 Security for the Bonds.

The Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

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

Section 2.2 Limited Obligations.

The Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds and Accounts; and the Bonds and any other obligations incurred by the City under the terms of this Indenture shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City.

Section 2.3 Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by the Bond Ordinance. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4 Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the City with the Owners, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

ARTICLE 3

AUTHORIZATION; GENERAL TERMS AND
PROVISIONS REGARDING THE BONDS

Section 3.1 Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$ _____ for the purpose of (i) paying or reimbursing a portion of the Initial Major Improvement Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying the costs of the organization and administration of the District, and (vi) paying the costs of issuance of the Bonds.

Section 3.2 Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated November 1, 2024 (the “Bond Date”) and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing March 15, 2025 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Year</u>	<u>Term Bonds</u>	<u>Interest Rate</u>
<u>(9-15)</u>	<u>Principal Amount</u>	
20__		
20__		

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture.

Section 3.3 Conditions Precedent to Delivery of Bonds.

The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (a) a copy of the executed Assessment Ordinance;
- (b) a copy of the executed Bond Ordinance;
- (c) a copy of this Indenture executed by the Trustee and the City;
- (d) an executed General Certificate;
- (e) an executed opinion of Bond Counsel; and
- (f) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4 Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each

Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5 Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor and City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein (the "Certificate of Trustee" included in the Form of Bond attached hereto as Exhibit A), duly authenticated by manual

execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein (the "Comptroller's Registration Certificate"), included in the Form of Bond attached hereto as Exhibit A, manually executed by the Comptroller of Public Accounts of the State of Texas, or by her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6 Ownership.

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.7 Registration, Transfer and Exchange.

(a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds as is acceptable to the Paying Agent/Registrar, in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will maintain a copy of the Register and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.8 Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

Section 3.9 Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's written request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any Authorized Denominations, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and

other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10 Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of written notice that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(1) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(2) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;

(3) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(4) satisfies any other reasonable requirements imposed by the City and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of

any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11 Book-Entry Only System.

(a) The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the City to DTC. On the Closing Date the definitive Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the

registered owner at the close of business on the relevant Record Date, the word “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

Section 3.12 Successor Securities Depository: Transfer Outside Book-Entry-Only System.

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13 Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the City to DTC.

ARTICLE 4

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1 Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article 4.

Section 4.2 Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ _____ Term Bonds maturing September 15, 20__

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

*maturity

\$ _____ Term Bonds maturing September 15, 20__

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

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after September 15, 20__ in whole or any part, before their respective scheduled maturity dates, on September 15, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, at a

Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed either in writing or by delivery of an ordinance or resolution by the City calling Bonds for redemption.

Section 4.4 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Section 6.5(e), 6.5(f), 6.5(h) and section 6.3. The City's written direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement.

(b) Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Section 4.5 Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

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

(c) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.6 Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.7 Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8 Effect of Redemption.

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by, Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal of and interest on such Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE 5

FORM OF THE BONDS

Section 5.1 Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to appear on the Initial Bond, and the Certificate of the Trustee and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 5.2 CUSIP Registration.

The City may secure identification numbers through CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of the foregoing shall be void

and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3 Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

ARTICLE 6

FUNDS AND ACCOUNTS

Section 6.1 Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Indenture:

- (1) Pledged Revenue Fund;
- (2) Bond Fund;
- (3) Project Fund;
- (4) Reserve Fund;
- (5) Redemption Fund;
- (6) Rebate Fund; and
- (7) Administrative Fund.

(b) Creation of Accounts.

- (1) The following Account is hereby created within the Pledged Revenue Fund:

(A) Bond Pledged Revenue Account

- (2) The following Accounts are hereby created and established within the Bond Fund:

(A) Principal and Interest Account; and

(B) Capitalized Interest Account.

(3) The following Accounts are hereby created and established within the Project Fund:

- (A) Initial Major Improvement Account; and
- (B) Costs of Issuance Account.

(4) The following Accounts are hereby created and established within the Reserve Fund:

- (A) Bond Reserve Account; and
- (B) Delinquency and Prepayment Reserve Account.

(c) Each Fund and Account created within such Fund shall be only established as needed and maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds and Accounts shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

(d) Interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2 Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (1) to the Bond Reserve Account: \$_____.
- (2) to the Costs of Issuance Account: \$_____.
- (3) to the Administrative Fund: \$_____.
- (4) to the Delinquency and Prepayment Reserve Account \$_____.
- (5) to the Capitalized Interest Account \$_____.
- (6) to the Initial Major Improvement Account: \$_____.

Section 6.3 Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2027 (or the first February 1 when such Pledged Revenues are available), the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to Section

6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(e), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(1) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund amounts sufficient to pay debt service on the Bonds coming due on each Interest Payment Date in the current Bond Year.

(2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 6.7(a) and Section 6.7(e),

(3) third, pursuant to Section 6.8 herein, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account in an amount sufficient to allow the funds on deposit therein to equal to the Delinquency and Prepayment Reserve Requirement, and

(4) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

(b) Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (3) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in Article 4.

(c) The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to Section 6.3(f) as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Annual Installment collected as Additional Interest shall be deposited pursuant only to (3) above.

(d) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account of the Pledged Revenue Fund and transfer to the Principal and Interest Account, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

(e) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

(f) Notwithstanding Section 6.3(a) above:

(1) When and if collected, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 6.3(a) above and as otherwise directed by Section 6.8(a) hereof.

(2) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund; and

(3) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

(g) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Initial Major Improvement Assessments for any lawful purposes permitted by the PID Act for which Initial Major Improvement Assessments may be paid.

(h) Initial Major Improvement Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(i) Any Initial Major Improvement Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Initial Major Improvement Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Section 6.4 Bond Fund.

(a) No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following dates and in the following amounts:

<u>Date</u>	<u>Amount</u>
March 15, 2025	
September 15, 2025	
March 15, 2026	
September 15, 2026	

(d) Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred shall be transferred, at the direction of the City, to (i) the Initial Major Improvement Account of the Project Fund, or (ii) to the Redemption Fund to be used to redeem Bonds, and the Capitalized Interest Account shall be closed.

Section 6.5 Project Fund.

(a) Money on deposit in the Initial Major Improvement Account, and Costs of Issuance Account shall be used for the purposes specified in Section 3.1 hereof.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds.

(c) Except as otherwise provided herein, money on deposit in the Initial Major Improvement Account, of the Project Fund shall be used solely to pay the costs of the Initial Major Improvements. Upon receipt of a reviewed and approved Certificate for Payment for any Initial Major Improvement Costs, the Trustee shall make payment for the costs set forth therein, from the Initial Major Improvement Account of the Project Fund. Except as provided in Sections 6.5(d), 6.5(f), and 6.5(g), money on deposit in the Initial Major Improvement Account shall be used solely to pay the Initial Major Improvement Costs as set forth in the applicable Certificate for Payment.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Initial Major Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Initial Major Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Initial Major Improvement Account will ever be expended for the purposes thereof, the City

Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Initial Major Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Initial Major Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture and the Initial Major Improvement Account shall be closed.

(e) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

(f) Upon the filing of a City Certificate stating that all Initial Major Improvements have been completed and that all Initial Major Improvement Costs have been paid, or that any such costs are not required to be paid from the Initial Major Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Initial Major Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee and shall close the Initial Major Improvement Account of the Project Fund.

(g) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account may be transferred, at the City's discretion, to (1) the Bond Fund and used to pay interest on the Bonds, or (2) to the Initial Major Improvement Account of the Project Fund and used to pay Initial Major Improvement Costs, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed

Section 6.6 Redemption Fund.

(a) Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article 4.

(b) The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds, an amount sufficient to redeem Bonds as provided in Section 4.4 on the dates specified for redemption as provided in Section 4.4. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(c) The Trustee shall cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to Section 6.7, an amount sufficient to redeem Bonds as provided in Sections 4.2, 4.3 and 4.4 at the written direction of the City.

Section 6.7 Bond Reserve Account.

(a) The Bond Reserve Account Requirement will be funded with proceeds of the Bonds at closing. The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Bond Reserve Account of the Reserve Fund

shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

(b) Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

(c) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund (in compliance with Section 6.13(d) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

(d) [reserved].

(e) If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, in accordance with Section 6.3, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

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

(g) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

(h) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be a proportional amount equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment

toward payment of accrued interest on the Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(i) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund, Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

(j) The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of 6.7(c) and subsequently used for the payment of operating costs directly relating to the Initial Major Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

Section 6.8 Delinquency and Prepayment Reserve Account.

(a) The Delinquency and Prepayment Reserve Account shall be funded initially from proceeds of the Bonds in the amount of the Delinquency and Prepayment Reserve Requirement. When, at the written request of the City Representative on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account is less than the Delinquency and Prepayment Reserve Requirement, Additional Interest shall be collected and deposited to the Delinquency and Prepayment Reserve Account pursuant to Section 6.3 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with Section 6.7(j) herein), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.3. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with

written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this Section.

(b) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to Section 4.4.

Section 6.9 Rebate Fund.

(a) Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and is not security for the Bonds.

(b) In order to assure that the amount required to be rebated to the federal government is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made as directed by the City in a written direction and in accordance with the Code and Tax Certificate. The Trustee may conclusively rely on such written instructions as set forth in this section and shall not be responsible for any loss or liability resulting from the investment of funds hereunder.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 8.6 and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section and Section 8.6 in the absence of written instructions from the City.

(d) If, after the payment to the federal government of any amounts required to be paid in compliance with section 8.6, the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Bond Fund.

Section 6.10 Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to this section.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and is not security for the Bonds.

(c) In accordance with Section 10.6 hereof, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

Section 6.11 Investment of Funds.

(a) Money in any Fund established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in this Indenture. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment if authorized by the City Representative in writing. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments, shall have no discretion for investment of funds or advising any parties on investing funds, and may conclusively rely on the City's written instructions as to the directed investments. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. Upon the City's election, such statements will be delivered via the Trustee's online service and, upon electing such service, paper statements will be provided only upon request. The Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement need be furnished if no activity occurred during such month.

(f) The Trustee may conclusively rely on City Certificates pursuant to Section 6.11(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 6.12 Investment Income.

(a) Interest and income derived from investment of the Project Fund shall be deposited to the credit of the Principal and Interest Account.

(b) Interest and income derived from investment of the Bond Fund shall be credited to the Principal and Interest Account.

(c) Interest and income derived from investment of the Bond Reserve Account and Delinquency and Prepayment Reserve Account shall be credited to such Accounts.

Section 6.13 Security of Funds.

All Funds heretofore created or reaffirmed, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE 7

COVENANTS

Section 7.1 Confirmation of Initial Major Improvement Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Initial Major Improvement Assessments against each Assessed Property from which the Pledged Revenues will be collected and received.

Section 7.2 Collection and Enforcement of Initial Major Improvement Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Initial Major Improvement Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Initial Major Improvement Assessments.

(b) The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Initial Major Improvement Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Initial Major Improvement Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Initial Major Improvement Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Initial Major Improvement Assessment or the corresponding Assessed Property.

Section 7.3 Against Encumbrances.

(a) Other than bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Section 7.4 Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or Outstanding Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay Initial Major Improvement Costs remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Initial Major Improvement Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

ARTICLE 8

FEDERAL INCOME TAX MATTERS

Section 8.1 General.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Tax Certificate.

Section 8.2 No Private Activity Bonds.

The City covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be “private activity bonds” unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Initial Major Improvement Assessments will meet the requirements for the “tax assessment loan exception” within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Initial Major Improvement Assessments continue to meet such requirements until final payment of the Bonds.

Section 8.3 No Federal Guarantee.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 8.4 No Hedge Bonds.

The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause an issue of Bonds to be “hedge bonds” within the meaning of Section 149(g) of the Code.

Section 8.5 No-Arbitrage Bonds.

The City covenants that it will make use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that such issue will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 8.6 Required Rebate.

The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds the Bonds, be rebated to the United States.

Section 8.7 Information Reporting.

The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

Section 8.8 Record Retention.

The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 8.9 Registration.

The Bonds will be issued in registered form.

Section 8.10 Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of Bond Counsel that noncompliance with such covenant will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 8.11 Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest the Bonds from gross income for federal income tax purposes.

ARTICLE 9

LIABILITY OF CITY

The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved by the City in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “Bond Documents”), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City’s failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Pledged Revenues. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

ARTICLE 10

THE TRUSTEE

Section 10.1 Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Paying Agent/Registrar for and with respect to the Bonds.

Section 10.2 Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, to spend its own funds, institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, unless and until it shall be indemnified pursuant to a written instrument by the Owners of the Bonds to its satisfaction, in its sole and absolute discretion, against any and all costs and expenses, liabilities, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own gross negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. To the extent permitted by law, the Owners agree to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense except to the extent such losses, liabilities or expenses that are finally adjudicated by a court of competent jurisdiction to have been directly caused by the Trustee's gross negligence or willful misconduct, arising out of or in connection with the acceptance or administration of this Indenture or the Trust Estate, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its rights or duties hereunder.

Section 10.3 Responsibilities of the Trustee.

The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

(a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(1) the Trustee undertakes to perform only those duties and obligations which are set forth specifically and expressly in this Indenture, and no duties or obligations shall be implied to the Trustee, these duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice pursuant to subparagraph (i) below), the Trustee shall, subject to the rights and limitations of liabilities contained herein, exercise those rights and powers vested in it by this Indenture and shall, subject to the rights and limitations of liabilities contained herein, use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(1) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(2) of this Section;

(2) the Trustee shall not be liable for any action taken or error of judgment made in good faith by any one of its officers employees or agents, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the controlling Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(5) This subparagraph shall not be construed to affect Trustee's immunities and protections from liability and its right to indemnification as otherwise provided for in this Indenture.

Whether or not therein expressly so provided, every provision of this Indenture or any other Bond Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 10.

(d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code, or (v) to undertake any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Indenture.

(e) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be responsible or liable for incidental, indirect, punitive, special or consequential losses or damages in connection with or arising from this Indenture for the existence, furnishing or use of the Initial Major Improvements irrespective of whether the Trustee has been advised of the likelihood of such losses or damages and regardless of the form of action.

(g) The Trustee shall have no responsibility or liability for any action taken, or errors in judgment made in good faith by it or any of its officers, agents or employees unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall not be responsible for any misconduct or negligence on the part of any attorney, agent, receiver or employee appointed with due care unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts and shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder

(h) Reserved.

(i) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

(1) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture,

(2) any instrument or document of further assurance or collateral assignment,

(3) the filing, execution, delivery, recording or authorization of any financing statements, amendments thereto or continuation statements,

(4) insurance of the Initial Major Improvements or collection of insurance money,

(5) the validity of the execution by the City of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or

(6) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(j) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder.

(k) The Trustee may request, conclusively rely on and shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the written direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(l) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 12.1(1), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Bonds referring to this Indenture, describing such Event of Default and stating that such notice is a “notice of default”. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(m) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(n) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(o) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute Annual Collection Costs in bankruptcy.

(p) The Trustee’s immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee’s officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee’s right to compensation for trustee and paying agent/registrar services shall survive the Trustee’s resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(q) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(r) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(s) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and, with respect to such permissive rights, the Trustee shall not be answerable for other than its negligence or willful misconduct.

(t) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Initial Major Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Initial Major Improvements or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

(u) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the City, or any of its directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all other persons or entities of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other party.

(v) In the event that any of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such assets, the Trustee is hereby expressly authorized, to respond or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(w) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly,

by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority that prohibits the required actions of the Trustee pursuant to this Indenture; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage of computer systems by outside actors; new epidemics not in effect on the date of this Indenture; riots; loss or malfunctions of utilities, computer (hardware or software) communications service, or interruptions or accidents that are not caused by the Trustee's actions or inactions, including failure to maintain or upgrade equipment or software; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility on the date a transfer of funds is required.

Section 10.4 Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 10.5 Trustee Protected in Relying on Certain Documents.

The Trustee may, at the expense of the Owners, request, conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, instrument, report, direction, order, judgment, notice, opinion, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant to be qualified in relation to the subject matter or selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of, and the Trustee shall not be liable for, any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 10.13 herein.

Section 10.6 Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by a specific agreement, if any, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the Trustee shall transfer from the Administrative Fund the amount set forth thereon. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from lawfully available funds under the Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

In the event that the Trustee renders any service not contemplated in this Indenture, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Indenture or the subject matter hereof, then the Trustee shall be compensated for such extraordinary services and any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees, costs and expenses, occasioned by any such delay, controversy, litigation or event; provided that all such payments to the Trustee shall be only from funds available in the Administrative Fund.

Section 10.7 Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Bonds.

Section 10.8 Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than thirty (30) days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the earlier of the appointment of a successor as provided in Section 9.10 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 9.10 hereof and the acceptance of such appointment by such successor.

Section 10.9 Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days' prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Bonds.

Section 10.10 Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor trustee, with notification thereof being given to the predecessor Trustee and the City.

Until such successor trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith (and in no event in excess of thirty (30) days after such vacancy occurs) appoint a trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within thirty (30) days after such appointment. Any appointment of a successor trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the requisite Owners of Bonds.

If in a proper case no appointment of a successor trustee shall be made within thirty (30) days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8

herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

Any successor trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds, and each of the Owners of the Bonds.

Section 10.11 Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 10.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance (without representation or warranty, express, implied or statutory) and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the receipt of payment of any outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 10.12 Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, and will have and succeed to the rights, powers, duties, immunities and privileges as predecessor, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking

association qualified to be a successor to such Trustee under the provisions of Section 10.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 10.13 Trustee to File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, at the City's expense, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. The Trustee shall only be responsible for making such filings upon written direction from the City. The Trustee shall have no responsibility to file financing statements or continuation statements other than to file continuation statements that are delivered to it.

Section 10.14 Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in aggregate outstanding principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 10.15 Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

ARTICLE 11

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 11.1 Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at a majority of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Pledged Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds

(except as otherwise permitted by Applicable Laws or this Indenture), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its prior written consent.

This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(2) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds; and

(4) to make such additions, deletions or modifications as may be necessary or desirable to assure of the excludability of interest on the Bonds for federal income tax purposes.

Section 11.2 Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 11.3 Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 11.1 herein, to take effect when and as provided in this Section. The City shall provide written direction to the Trustee to provide a copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, be mailed by the Trustee first class mail to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such

subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 11.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period.

Section 11.4 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 10, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.5 Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article 11 shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Designated Payment/Transfer Office of the Trustee, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 11.6 Amendatory Endorsement of Bonds.

The provisions of this Article 11 shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 11.7 Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture and any Applicable Laws. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

ARTICLE 12

DEFAULT AND REMEDIES

Section 12.1 Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

- (1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (2) The failure of the City to enforce the collection of the Initial Major Improvement Assessments including the prosecution of foreclosure proceedings;
- (3) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (4) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

Section 12.2 Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 12.1, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

(b) THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

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

(d) Whenever moneys are to be applied pursuant to this Article 12, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Section 12.3 Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted

and maintained in the manner provided herein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article 9, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 12.4 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 12.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 12.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 12.1, the available funds shall be allocated to the Bonds that are Outstanding in

proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 12.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 12.5 Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 12.6 Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(1) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(2) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 12.7 Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under

the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 12.8 No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 12.9 Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 12.10 Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

ARTICLE 13

GENERAL COVENANTS AND REPRESENTATIONS

Section 13.1 Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Pledged Revenues in the manner and to the extent provided in this Indenture, and that the Pledged Revenues are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Initial Major Improvement Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, notice of the Initial Major Improvement Annual Installments shall be sent by, or on behalf of the City and to the extent reasonably practical, to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Initial Major Improvement Annual Installments are collected simultaneously with ad

valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Initial Manor Improvement Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Initial Major Improvement Annual Installment in a timely fashion such that the Initial Major Improvement Annual Installment can be collected in the same time frame as ad valorem taxes.

Section 13.2 General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE 14

SPECIAL COVENANTS

Section 14.1 Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 14.2 Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Bonds, and (ii) Refunding Bonds.

(c) Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given

precedence over or any equality with this Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

Section 14.3 Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds and Accounts, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 14.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE 15

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 15.1 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 14.

Section 15.2 Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 15.3 Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds

are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE 16

MISCELLANEOUS

Section 16.1 Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 16.2 Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the

Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 16.3 Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 16.4 Waiver of Personal Liability.

No member of the City Council of the City, or any officer, agent, or employee of the City, shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 16.5 Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate or Certificate for payment shall be in writing and shall be delivered by hand, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Friendswood, Texas
709 S. Washington
Friendswood, Texas 75142
Attn: City Manager
Telephone: (830) 598-8741

With a copy to:

And:

Bracewell LLP
Attn: Julie Partain
1445 Ross Ave.
Suite 3800
Dallas, Texas 75202
Email: julie.partain@bracewell.com
(214) 758-1606

If to the Trustee, also acting in the capacity of
Paying Agent/Registrar:

Wilmington Trust, National Association
Attention: Parker Merritt
15950 North Dallas Parkway, Suite 200
Dallas, TX 75248
(714)384-4174
pmerritt@wilmingtontrust.com

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized

Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 16.6 Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 16.7 Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 16.8 Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 16.9 Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 16.10 Statutory Verifications. The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Indenture. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) Not a Sanctioned Company. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

Section 16.11 Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of M&T Bank Corporation, a publicly traded business entity, and therefore this Indenture is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF FRIENDSWOOD, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]

WILMINGTON TRUST, NATIONAL
ASSOCIATION, AS TRUSTEE

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF FRIENDSWOOD, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, ____	November 26, 2024	_____

The City of Friendswood, Texas (the “City”), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually commencing on March 15, 2025, and on each March 15 and September 15 thereafter until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of Wilmington Trust, National Association, a national banking association, as trustee and paying agent/registrars (the “Trustee,” which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the last calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “Bonds”), dated November 1, 2024 and issued in the aggregate principal amount of \$_____ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of November 1, 2024 (the “Indenture”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of Initial Major Improvement Costs, (ii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) funding the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying the costs of organizing and administering the District, and (vi) paying the costs of issuance of the Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in denominations of \$100,000, or any integral multiple of \$1,000 in excess thereof ("Authorized Denominations"), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$100,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
-----------------	------------------------------------

September 15, 20__
September 15, 20__
September 15, 20__
September 15, 20__
September 15, 20__
September 15, 20__
September 15, 20__
September 15, 20__
September 15, 20__
September 15, 20__ *

*maturity

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
-----------------	------------------------------------

September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the sinking fund redemption date (i) shall have been acquired by the City and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 15, 20__ before their scheduled maturity dates, in whole or in part, on any date, on or after September 15, 20__, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, or any other transfers to the Redemption Fund permitted in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given

shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or

Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF FRIENDSWOOD, TEXAS; HARRIS COUNTY, TEXAS; THE STATE OF TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

City Secretary, City of Friendswood, Texas

Mayor, City of Friendswood, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of the
State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

Wilmington Trust, National Association, as
Trustee

By: _____
Authorized Signatory

DATED: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading “INTEREST RATE” and “MATURITY DATE” shall both be completed with the expression “As Shown Below,” and the reference to the “CUSIP NUMBER” shall be deleted;

(ii) in the first paragraph of the Bond, the words “on the Maturity Date specified above” shall be deleted and the following will be inserted: “on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates”</u>
--------------	-------------------------------	------------------------

	b.	(Information to be inserted from Section 3.2(c) hereof); and
--	----	--

(iii) the Initial Bond shall be numbered T-1.

EXHIBIT B

FORM OF PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. ____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of November 1, 2024 (the “Indenture”) relating to the “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for Madison Development Corp., LLC a Texas limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

____ the Initial Major Improvement Account of the Project Fund from Wilmington Trust, National Association, (the “Trustee”), in the amount of _____ (\$ _____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Initial Major Improvements providing a special benefit to property within the Friendswood City Center Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Initial Major Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Initial Major Improvements below is a true and accurate representation of the Initial Major Improvements associated with the creation, acquisition, or construction of said Initial Major Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Initial Major Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Initial Major Improvement Annual Installments of Initial Major Improvement Assessments it owes or an entity the Developer controls owes, located in Friendswood City Center Public Improvement District and has no outstanding delinquencies for such Initial Major Improvement Assessments.

6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

The work with respect to Initial Major Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Amount requested be paid.

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Amount to be Paid by Trustee from Initial Major Improvement Account

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Initial Major Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

Developer has submitted or is attached hereto any documents or schedules required by the City's PID administrator.

Payments requested hereunder shall be made as directed below:

a. X amount to Person or Account Y for Z goods or services.

b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

**Madison Development Corp. LLC a Texas
limited liability company**

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Initial Major Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Initial Major Improvement Account
\$ _____	\$ _____

CITY OF FRIENDSWOOD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Madison Development Corp, LLC, (the “Developer”) and requests payment from:

[the Costs of Issuance Account of the Project Fund][Initial Major Improvement Account of the Project Fund] from Wilmington Trust, National Association (the “Trustee”) in the amount of _____ DOLLARS (\$_____) for costs incurred in the establishment, administration, and operation of the Friendswood City Center Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.
7. The Developer has submitted all documentation required by the City’s PID Administrator with respect to this Disbursement Request.

Payments requested hereunder shall be made as directed below:

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

**Madison Development Corp., LLC, a Texas
limited liability company**

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

CITY OF FRIENDSWOOD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

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APPENDIX B
FORM OF SERVICE AND ASSESSMENT PLAN

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Friendswood City Center Public Improvement District

SERVICE AND ASSESSMENT PLAN

NOVEMBER 4, 2024



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section”, “Exhibit” or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On January 8, 2024, the City passed and approved Resolution No. R2024-01 authorizing the establishment of the District in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 106.472 acres located within the City, as described by the legal description on **Exhibit K** and depicted on **Exhibit A**.

The PID Act requires a Service Plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements and including a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Assessment Rolls are contained in **Exhibit G-1 and Exhibit G-2**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Owner[s], (either directly or through affiliates), including : (1) the costs for the design, planning, administration/management, acquisition, installation, construction and/or implementation and dedication of such Authorized Improvements; (2) the fees paid for obtaining permits, zoning, licenses, plan approvals, inspections or other governmental approvals for such Authorized Improvements; (3) the costs for external professional services, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) the costs for all labor, bonds, and materials, including equipment and fixtures, owing to contractors, builders, and materialmen engaged in connection with the acquisition, construction, or implementation of the Authorized Improvements; (5) all related permitting and public approval expenses, and architectural, engineering, legal, consulting, and other governmental fees, construction security, insurance premiums, directly related to the construction of the Authorized Improvements, and charges and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Owner[s].

“Additional Interest” means the amount collected by application of the Additional Interest Rate. Additional Interest shall be collected only if the balance in the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds and is not charged on the Reimbursement Obligation until such Reimbursement Obligation is financed through Additional Major Improvement Bonds.

“Additional Interest Rate” means the 0.50% additional interest rate that may be charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act.

"Additional Major Improvement Annual Installment" means the Annual Installment of the Additional Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if applicable; and (4) the pro rata portion of the Annual Collection Costs based on outstanding Additional Major Improvement Assessments, as shown on **Exhibit G-2**. The principal and interest amount of the Additional Major Improvement Assessment may be reduced by a portion of the TIRZ Annual Credit Amount, pursuant to Section V.

"Additional Major Improvement Assessments" means an assessment levied against the Assessed Property for the Additional Major Improvements and imposed pursuant to an Assessment Ordinance and the provisions hereof, as shown in the Additional Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions

set forth in **Section VI** herein and the PID Act, which Additional Major Improvement Assessments secure the Reimbursement Obligation.

"Additional Major Improvement Assessments Trigger Date" means that date upon which the Additional Major Improvement Assessments become due and payable which is the earlier of (i) the date on which the first bill is sent with the Additional Major Improvement Assessment subsequent to the issuance of PID Bonds secured by the Additional Major Improvement Assessments are issued and (ii) the date the first bill is sent with the Additional Major Improvement Assessment which date shall be no later than two years after the date on which the Assessment Ordinance levying the Additional Major Improvement Assessments is adopted.

"Additional Major Improvements" means those certain Authorized Improvements, the costs of which are allocated to the Additional Major Improvements Assessments, as described in **Section III.B** and shown on **Exhibit B-1**.

"Additional Major Improvement Bonds" means those certain "City of Friendswood Special Assessment Revenue Bonds" (Friendswood City Center Public Improvement District Additional Major Improvements Project) that are secured by the Additional Major Improvement Assessments.

"Additional Major Improvements Assessment Roll" means the assessment roll for the Assessed Property of the Additional Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Additional Major Improvements Assessment Roll is included as **Exhibit G-2**.

"Administrator" means the City or independent firm designated by the City who shall have the responsibilities provided in this Service and Assessment Plan, any Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrar and

Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year may be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment on an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable. The principal and interest amount of an Annual Installment may be reduced by the TIRZ Annual Credit Amount.

“Annual Service Plan Update” means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

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

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

“Assessment Roll” means any assessment roll for the for the Assessed Property, including the Initial Major Improvements Assessment Roll and Additional Major Improvements Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Assessment Rolls are included as **Exhibit G-1** and **Exhibit G-2**.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, including Initial Major Improvements, the Additional Major Improvements, First Year Annual Collection Costs, and Bond Issuance Costs (if appropriate), as described in **Section III**, as shown on **Exhibit B-1**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees

charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of any series of PID Bonds.

“City” means the City of Friendswood, Texas.

“City Council” means the governing body of the City.

“City Contribution” means \$5,000,000 of City of Friendswood lawfully available funds expended by the City to pay a portion of the total costs of the Detention Improvements.

“Condo Regime” means a form of real property ownership that combines separate ownership of individual “units” with common ownership of other units.

“County” means Harris County, Texas.

“Delinquency and Prepayment Reserve Account” means the funds established pursuant to an Indenture where the Additional Interest will be deposited.

“Delinquent Collection Costs” means costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“Detention Improvements” means those Authorized Improvements consisting of drainage and detention facilities and improvements as set forth in Section III hereof.

“Development Agreement” means that certain Friendswood City Center Development Agreement between the Developer and the City dated January 22, 2024.

“Developer” means Madison Development Corporation, LLC, a Texas limited liability company and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“District” means the Friendswood City Center Public Improvement District containing approximately 106.472 acres located within the City, as generally depicted on **Exhibit A**, and described on **Exhibit K**.

“Engineer’s Report” means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

“Estimated Buildout Value” means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with builders, reports from third

party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

“Fire Station” means the fire station to be located within the District and as further described in the Development Agreement.

“First Year Annual Collection Costs” means the Annual Collection Costs associated with the first year of the District.

“Indenture” means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

“Initial Major Improvements” means those certain Authorized Improvements, the costs of which are allocated to the Initial Major Improvements Assessments, as described in **Section III.A** and shown on **Exhibit B-1**.

“Initial Major Improvement Annual Installment” means the Annual Installment of the Initial Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if applicable and; (4) the pro rata portion of the Annual Collection Costs based on the outstanding Initial Major Improvement Assessments as shown on **Exhibit G-1**. The principal and interest amount of the Initial Major Improvement Assessment may be reduced by a portion of the TIRZ Annual Credit Amount, pursuant to Section V.

“Initial Major Improvement Assessment Roll” means the assessment roll for the Assessed Property of the Initial Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Additional Major Improvements Assessment Roll is included as **Exhibit G-1**.

“Initial Major Improvement Assessments” means an assessment levied against the Assessed Property for the Initial Major Improvements and imposed pursuant to an Assessment Ordinance and the provisions hereof, as shown in the Initial Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and the PID Act, which Initial Major Improvement Assessments secure the Initial Major Improvement Bonds.

“Initial Major Improvement Bonds” means those certain “City of Friendswood Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) that are secured by the Initial Major Improvement Assessments.

“Initial Parcel” means all of the Assessed Property within the District against which the entire

Initial Major Improvement Assessments and the Additional Major Improvement Assessments for the District are levied, as shown on the Assessment Roll attached as **Exhibit G-1**.

“Landowner Consent” means any “Landowner Consent” effective as of the date of each Assessment levy delivered by each landowner of Assessed Property at the time of an Assessment levy.

“Lot” means (1) for any portion of the District for which a final subdivision plat has been recorded in the Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; (2) a tract of land is described as a “lot” in a recorded instrument containing covenants, restrictions, and/or conditions for any portion of the District; (3) for any portion of the District for which a subdivision plat has not been recorded in the Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat; and (4) if a Condo Regime has been filed for any portion of the District, any unit of ownership included within the Condo Regime. A “Lot” may also include a tract of land upon which a condominium will be impressed creating condominium units but shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded Subdivision Plat or condominium unit.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g., lot size, land use classification, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council.

“Lot Type 1” means Assessed Property intended for use as inline retail or food retail within the District, as provided by the Owner. The buyer disclosures for Lot Type 1 is attached as **Appendix B**.

“Lot Type 2” means Assessed Property intended for mixed use within the District, as provided by the Owner. The buyer disclosure for Lot Type 2 is attached as **Appendix B**.

“Lot Type 3” means Assessed Property intended for use as a hotel within the District, as provided by the Owner. The buyer disclosure for Lot Type 3 is attached as **Appendix B**.

“Lot Type 4” means Assessed Property intended for use as office/medical space within the District, as provided by the Owner. The buyer disclosure for Lot Type 4 is attached as **Appendix B**.

“Lot Type 5” means Assessed Property intended to be developed as multi-family housing with a corridor of retail within the District, as provided by the Owner. The buyer disclosure for Lot Type 5 is attached as **Appendix B**.

“Maximum Assessment” means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) the amount shown on **Exhibit E**.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“Notice of PID Assessment Termination” means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit I**.

“Owner” or **“Owners”** means Madison Development Corporation, LLC, Lone Star Campus R1, LLC, Tima Holdings, LLC, Hill Gage Development Corporation, LLC, and Ajay K. Jain and any successors or assigns thereof.

“Parcel” or **“Parcel(s)”** means a specific property within the District identified by either a tax parcel identification number assigned by the Harris Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

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

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

“Prepayment” means the payment of all or a portion of an Assessment before the due date of the final Annual Installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

“Prepayment Costs” means interest, including Annual Collection Costs, to the date of Prepayment.

“Recorded Declaration” means the Declaration filed and recorded in the official public records of the County.

“Reimbursement Agreement” means the Friendswood City Center Public Improvement District Reimbursement Agreement between the City and the Developer dated November 4, 2024 pursuant to which the City agrees to levy the Additional Major Improvement Assessments on the Assessed Property in the District and all or a portion of such Additional Major Improvement Assessments are paid to the Developer to reimburse the Actual Costs of the Additional Major Improvements.

“Reimbursement Obligation” means the principal amount not to exceed \$17,822,000 to be paid to the Developer for the costs of the Additional Major Improvements pursuant to the Reimbursement Agreement, which amount is secured by the Initial Major Improvement Assessments.

“Service and Assessment Plan” means this Friendswood City Center Public Improvement District Service and Assessment Plan, as updated, amended, or supplemented from time to time.

“Service Plan” means the plan that defines the annual indebtedness and projected costs of the Authorized Improvements, and covers a period of at least five years, more specifically described in **Section IV**.

“TIRZ” means Reinvestment Zone Number One, City of Friendswood.

“TIRZ Administrative Costs” means those reasonable costs paid or incurred by or on behalf of the City to create and/or administer the TIRZ.

“TIRZ Agreement” means the TIRZ Agreement – Friendswood City Center PID, effective as of [DATE].

“TIRZ Annual Credit Amount” is defined in **Section V.E**, which amount shall not annually exceed the TIRZ Maximum Annual Credit Amount, and which shall be transferred from the TIRZ Fund to the applicable pledged revenue fund pursuant to the TIRZ Project Plan.

“TIRZ Fund” means the tax increment fund created pursuant to the TIRZ Ordinance where TIRZ Revenues are deposited annually.

“TIRZ Maximum Annual Credit Amount” means for each Lot Type, the amount of TIRZ Revenues that results in an equivalent tax rate of \$2.34 per \$100 of assessed value for such Lot Type taking into consideration the tax rates of all applicable overlapping taxing units and the equivalent tax rate of each applicable Assessment levied on each Lot Type, based on Estimated Buildout Value at the time the City Council approves each Assessment Ordinance levying each respective Assessment, as shown on **Exhibit F**. the Estimated Buildout Value per Lot Type is shown on **Exhibit E**.

“TIRZ Ordinance” means Ordinance No. 2023-31 adopted by the City Council on December 4, 2023, which approved the creation of Reinvestment Zone Number One and authorized the use of TIRZ Revenues for project costs under the Chapter 311, Texas Tax Code, as amended, and related to certain public improvements as provided in the TIRZ Project Plan.

“TIRZ Project Plan” means the Reinvestment Zone Number One, City of Friendswood Final Project and Reinvestment Zone Financing Plan, as periodically amended and updated.

“TIRZ Revenues” mean, for each year, the amounts which are deposited in the TIRZ Fund pursuant to the Development Agreement, the TIRZ Ordinance, and TIRZ Project Plan.

“Trustee” means the trustee or successor trustee under an Indenture.

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SECTION II: THE DISTRICT

The District includes approximately 106.472 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K**, and depicted on **Exhibit A**. Development of the District is anticipated to include approximately 76,408 square feet of building space as inline retail or food retail (Lot Type 1), 268,800 square feet of building space as mixed use (Lot Type 2), an approximately 115 keys hotel with convention space (Lot Type 3), 194,050 square feet of office/medical building space (Lot Type 4), and approximately 750,000 square feet of multifamily that includes a corridor of retail (Lot Type 5).

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City unless otherwise noted. The budget for the Authorized Improvements is shown on **Exhibit B-1**.

A. Initial Major Improvements

I. Roadway Improvements

▪ *FM 528 Traffic Improvements*

Signalization improvements at F.M. 528 and Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications. Includes the addition of a southbound left turn lane on Townes Rd. to balance the new (widening) approach to F.M. 528 northbound from the new development.

Includes signalization improvements at F.M. 528 and Blackhawk Blvd. consisting of upgrades to the existing traffic signal to full operation to current Texas Department of Transportation specifications with a new south leg of the intersection, and addition of southbound left turn lane at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd. to balance the new widening approach to F.M. 528 for access management purposes. The signalization improvements will be owned and operated by the TxDOT and will provide benefit to each Lot within the District.

- *Phase 1 Blackhawk Boulevard Improvements*

Improvements include 4 lane arterial street construction to serve as an extension of the existing Blackhawk Boulevard from F.M. 528 to the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard and includes the construction of the roundabout. The extension will provide connection to Larrabee Way, as well as multiple local streets and is calculated to be approximately 3,512 square yards of roadway construction. Also includes the addition of a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to F.M. 528 for access management purposes. The Phase 1 Blackhawk Boulevard Improvements will provide benefit to each lot within the District.

- *Phase 1 Townes Road Improvements*

Includes the construction of 4,276 square yards of reinforced concrete street to include subgrade and a roundabout at the intersection of Townes Road and Larrabee Way, that serves as a continuation of the existing Townes Road located north of F.M. 528. The construction of the new section will begin at F.M. 528 and terminates at Larrabee Way at the southern end of the roundabout at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Madison Avenue Improvements*

Includes the construction of 1,543 square yards of a reinforced concrete street to include subgrade that will provide 2 travel lanes beginning at F.M. 528 and terminating at the 4-way stop at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Larrabee Way Improvements*

Includes the construction of 2 lanes, 12,275 square yards, of a reinforced concrete street to include subgrade which will transverse perpendicular to Madison Avenue and includes a 4-way stop at the intersection of Madison Avenue and Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- II. Earthwork, Paving and Grading

- *Phase 1 Earthwork, Paving and Grading*

Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the Phase 1 Storm Drainage improvements, Detention Pond 1 and Detention Pond 2, along with the hauling and removal of dirt. In addition, there

will be sidewalk improvements for the benefit of walkability within the site, as well as better access from F.M. 528 for pedestrian traffic. Only a portion of the cost of earthwork, paving and grading will be funded by the Initial Major Improvement Assessment. The remaining costs will be paid from the City Contribution.

III. Clearing, Grubbing and Demolition

▪ *District Clearing, Grubbing and Demolition*

Includes light and heavy clearing for the construction and installation of the Initial Major Improvements to include heavy clearing for the construction of Detention Pond 1, along with the removal and disposal of 3" public force main and 12" public water line. The improvements are necessary for the construction of the Initial Major Improvements and will provide benefit to each Lot within the District. A portion of the costs of Clearing, Grubbing and Demolition is being funded with the City Contribution and approximately 27.07% of the costs of such improvements (\$873,609) is apportioned to the District as part of the Initial Major Improvements.

IV. Detention Improvements

▪ *Detention Pond 1*

Improvements Include the excavation and construction of Detention Pond 1, a 4' retaining wall cast in place, an 8' retaining wall cast in place, installation of a backslope interceptor and swale, application of fertilizer seeds for stabilization, dewatering, sheet piling, riprap, collection screen structure and haul and disposal of utility spoils. The Detention Pond 1 Improvements will provide benefit to each Lot within the District.

▪ *Detention Pond 2*

Improvements include the excavation and construction of Detention Pond 2, installation of a backslope interceptor and swale, and application of hydro mulch for stabilization. The Detention Pond 2 Improvements will provide benefit to each Lot within the District. A portion of the costs of Detention Pond 2 are being funded by the City Contribution and approximately 68.79% of the costs of such improvements (\$11,020,226) is apportioned to the District as part of the Initial Major Improvements.

▪ *Phase 1 Storm Drainage*

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from F.M. 528 and terminating at the point of the proposed bridge connection at Blackhawk Boulevard. The improvements will provide a benefit to all

Lots within the District.

V. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Initial Major Improvements.

VI. Soft Costs

Costs related to designing, constructing, and installing the Initial Major Improvements including land planning and design, engineering, soil testing, consultant fees, project coordination, and survey. A portion of the soft costs are being funded by City Contribution and approximately 4.84% of the costs of such Initial Major Improvements (\$83,010) is apportioned to the Initial Major Improvements within the District.

B. Additional Major Improvements

I. Roadway Improvements

▪ *Phase 2 Blackhawk Boulevard Improvements*

Improvements include the continuation of the extension of the Phase 1 Blackhawk Boulevard Improvements, consisting of 17,711 square yards of reinforced concrete street and subgrade, from the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard to West Bay Area Boulevard. Additionally, the improvements include the construction of a 4-lane bridge with 2 lanes for east and west bound on Blackhawk Boulevard. The Phase 2 Blackhawk Boulevard Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Townes Road Improvements*

Improvements include the construction of 4,723 square yards of reinforced concrete street and subgrade to serve as a continuation of the Phase 1 Townes Road Improvements from the roundabout at Larrabee Way and terminating at Bennett Boulevard. The Phase 2 Townes Road Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Madison Avenue Improvements*

Improvements include the continuation of construction of reinforced concrete street, 3,114 square yards, and subgrade from the 4-way stop at Larrabee Way to the roundabout at Bennett Boulevard. The Phase 2 Madison Avenue Improvements will provide benefit to each Lot within the District.

- *Bennett Boulevard Improvements*

Improvements include the construction of 2 travel lanes, 11,728 square yards, eastward and 2 travel lanes westward of reinforced concrete street and subgrade to include a roundabout that terminates to the south where the right-of-way ends the multi-family development begins. The Bennett Boulevard Improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 2 Earthwork, Paving and Grading*

Improvements to include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the phase 2 storm drainage improvements, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site as well as sidewalk improvements to improve foot traffic from Clear Creek Independent School District property to the Northwest to Blackhawk Blvd. and West Bay Area Boulevard. The street improvements will provide benefit to each Lot within the District. A portion of the Phase 2 Earthwork, Paving and Grading is being funded by the City Contribution and approximately 63.49% of the costs of such improvements (\$412,543) is apportioned to the District as part of the Additional Major Improvements.

III. Water Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances required to provide water service to all Lots within the District.

There will be a water line constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a water line along Townes Rd. and Bennert Blvd. Larrabee Way will have a water line running across connecting the water lines on Townes Rd. and Blackhawk Blvd. The water improvements will provide benefit to each Lot within the District.

IV. Wastewater Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, testing,

and all necessary appurtenances constructed to the City of Friendswood standards required to provide wastewater service to all Lots within the District.

Construction will consist of wastewater lines on Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from a wastewater line to a wastewater line tying into the manhole on West Bay Area Blvd. In addition to new proposed wastewater lines, there will be improvements to the existing force main running through the site, as well as relocation of an existing City-owned force main. The wastewater improvements will provide benefit to each Lot within the District.

- *Sanitary Sewer Lift Station*

Includes a proposed Sanitary Lift Station that includes a tie into the manhole on West Bay Area Blvd. An existing 8" sanitary sewer line and sanitary lift station that currently service Clear Creek Community Church will be abandoned, and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center sanitary sewer system near the Blackhawk Blvd. and F.M. 528 connection. The Sanitary Sewer Lift Station will provide a benefit to each Lot within the District.

V. Phase 2 Storm Drainage

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from the proposed bridge connection at Friendswood Link Road running south along Blackhawk Boulevard to West Bay Area Boulevard. The Phase 2 Storm Drainage improvements will provide a benefit to each Lot within the District.

VI. Landscaping, Parks and Public Amenities

Improvements include walking and bike trails that are constructed of decomposed granite pavement with concrete edges. The trail will include rest areas with park benches and lighting at key viewing locations. Additionally, the park will also have a few bird blinds, wayfinding graphics, bath, and parking facilities. The area will be landscaped with native vegetation and wetland grasses. As the walking and bike trails extend into the urban area, it will connect to a concrete and paver path that will include park benches and pedestrian lighting. The trail will provide a continuous and accessible route to all the buildings within the District. Landscape along the trail will be a blend of seasonal color plants and regional vegetation that complies with the City landscaping requirements. The Landscaping, Parks and Public Amenities will provide a benefit to each Lot within

the District.

VII. Fire Station

Improvements include the construction of a fire station for use by the City of Friendswood for the benefit of the public that will be constructed along phase 2 of the Blackhawk Blvd. expansion. 87.96% of the Fire Station is being funded by other lawfully available revenues of the City. 12.04% is apportioned to the District, as part of the Additional Major Improvements, pro rata based on estimated assessed value, as detailed on **Exhibit B-2**.

VIII. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Additional Major Improvements.

IX. Soft Costs

Costs related to designing, constructing, and installing the Additional Major Improvements including land planning and design, City fees, inspection fees, engineering, soil testing, geotechnical engineering, and survey.

C. Bond Issuance Costs

▪ *Delinquency and Prepayment Reserve Account*

Equals the amount to be deposited in the Delinquency and Prepayment Reserve Account under an Indenture in connection with the issuance of the Initial Major Improvement Bonds and any PID Bonds issued to finance the Additional Major Improvements.

▪ *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of Initial Major Improvement Bonds and any PID Bonds issued to finance the Additional Major Improvements.

▪ *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest on the Initial Major Improvement Bonds and any other series of PID Bonds under an applicable Indenture.

▪ *Underwriter's Discount*

Equals a percentage of the par amount of the Initial Major Improvement Bonds related to the costs of underwriting Initial Major Improvement Bonds and a percentage of par of any future series of PID Bonds issued to finance the Additional Major Improvements.

▪ *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of any PID Bonds.

D. Other Costs

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

- *District Formation Expenses*

Equals the amount necessary to fund the district formation costs, to include legal fees and consultant fees, incurred and paid by the Owner and apportioned equally to both the Initial Major Improvements and the Additional Major Improvements.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update to show any budget revisions and the amount required to fund the required reserves and issue each series PID Bonds at the time such PID Bonds are issued.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Owner, Developer, and all future owners and developers of the Assessed Property.

A. Assessment Methodology

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs of the Authorized Improvements shall be allocated to each Assessed Property pro rata based on Estimated Buildout Value. Currently, the Initial Parcel is the only Parcel within the District, and as such, the Initial Parcel is allocated 100% of the costs of the Authorized Improvements, which costs are allocated between the Initial Major Improvements Assessments and the Additional Major Improvements Assessments. Upon subdivision of an Assessed Property, the Actual Costs of the Authorized Improvements shall be reallocated based on Estimated Buildout Value as further described in **Section VI**.

B. Assessments

The Initial Major Improvements Assessments will be levied on the Initial Parcel in the amounts shown on the Initial Major Improvements Assessment Roll, attached hereto as **Exhibit G-1**. The Additional Major Improvements will be levied on the Initial Parcel in the amounts shown on the Additional Major Improvements Assessment Roll attached hereto as **Exhibit G-2**. The Annual Installments of the Initial Major Improvement Assessments and the Annual Installments of the Additional Major Improvement Assessments are shown on **Exhibit G-3**. Upon division or subdivision of the Initial Parcel, the Initial Major Improvement Assessment and Additional Major Improvement Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessments for Lots classified as Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, and Lot Type 5, respectively, exceed the corresponding Maximum Assessment for each Lot Type classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- The estimated Actual Costs of the Authorized Improvements equal \$65,858,695 as shown on **Exhibit B-1**;
- The Initial Parcel will be allocated 100% of the Assessment levied for the Authorized Improvements (which Assessments include the Initial Major Improvement Assessments and the Additional Major Improvements Assessments), which equals \$55,322,000 as shown on the Assessment Rolls attached hereto as **Exhibit G-1** and **Exhibit G-2**;

- The special benefit (\$65,858,695) received by the Initial Parcel from the Authorized Improvements is equal to or greater than the amount of the Assessment (\$55,322,000) levied on the Initial Parcel for the Authorized Improvements; and
- At the time the City Council approved the Service and Assessment Plan, the Owners owned 100% of the Initial Parcel. The Owners acknowledged that the Authorized Improvements confer a special benefit on the Initial Parcel and consented to the imposition of the Assessment to pay for the Actual Costs associated therewith. The Owners ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Assessment on the Initial Parcel.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs 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.

E. Additional Interest

The interest rate on Assessments securing PID Bonds may exceed the interest rate on such PID Bonds by the Additional Interest Rate. Additional Interest shall be collected on the Initial Major Improvement Assessments if the Delinquency and Prepayment Reserve Account falls below 2.5% of outstanding bond par. Additional Interest will not be collected on the Additional Major Improvement Assessments until the issuance of PID Bonds secured by the Additional Major Improvement Assessments, and at such time will be collected pursuant to the terms of the applicable Indenture.

F. TIRZ Annual Credit Amount

The City Council, in accordance with the TIRZ Project Plan, has agreed to use a portion of TIRZ Revenues generated from each Assessed Property to offset a portion of the principal and interest of the Assessments, as applicable.

1. The principal and interest portion of the Initial Major Improvement Annual Installment for an Assessed Property shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Assessed Property for the previous Tax Year (e.g. TIRZ Revenue collected

from the Assessed Property for Tax Year 2025 shall be applied as the TIRZ Annual Credit Amount applicable to the Assessed Property's Initial Major Improvement Annual Installment collected in Tax Year 2026), but in no event shall the TIRZ Annual Credit Amount exceed the TIRZ Maximum Annual Credit Amount shown in **Section V.E.2** as calculated on **Exhibit F** for each Assessed Property.

2. The TIRZ Maximum Annual Credit Amount available to reduce the principal and interest portion of the Initial Major Improvement Annual Installment for an Assessed Property is calculated for each Lot Type, as shown on **Exhibit F**. The TIRZ Maximum Annual Credit Amount is calculated so that the average Initial Major Improvement Annual Installment minus the TIRZ Maximum Annual Credit Amount for each Lot Type does not produce an equivalent tax rate for such Lot Type which exceeds the competitive, composite equivalent ad valorem tax rate (\$2.34 per \$100 of assessed value) taking into consideration the 2024 tax rates of all applicable overlapping taxing units and the equivalent tax rate of the Initial Major Improvement Annual Installment based on the Estimated Buildout Values at the time Assessment Ordinance is approved. The resulting TIRZ Maximum Annual Credit Amount for each Lot Type is shown on **Exhibit F**. The TIRZ Maximum Annual Credit Amount will not be used to reduce the principal and interest on the Additional Major Improvement Assessment.
3. After the TIRZ Annual Credit Amount is applied to provide a credit towards the principal and interest portion of the Initial Major Improvement Annual Installment for the Assessed Property, any excess TIRZ Revenues available from the TIRZ Fund shall be applied pursuant to the TIRZ Project Plan.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this **Section VI** shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat or Declaration

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property
 B = the Assessment for the Assessed Property prior to division
 C = the Estimated Buildout Value of the newly divided Assessed Property
 D = the sum of the Estimated Buildout Value for all the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Owner, relying on information from builders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for each Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

2. Upon Subdivision by a Recorded Subdivision Plat or Recorded Declaration

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot
 B = the Assessment for the Parcel prior to subdivision
 C = the sum of the Estimated Buildout Value of all newly subdivided Lots with same Lot Type
 D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefitted Property
 E = the number of newly subdivided Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat or recorded declaration. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Owner, builders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for each Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

3. Upon Consolidation

If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B.**

B. True-Up of Assessments if Maximum Assessment Exceeded

Upon submission of a preliminary plat and/or site plan by the Owner to the City, the Owner shall provide the City the gross building square footage and use type for land included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The Administrator will review the preliminary plat and/or site plan to determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the Administrator determines the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the City issuing any building permit for any such Lot described in the reviewed preliminary plat or site plan, the Owner will make a Prepayment in an amount sufficient to reduce the Assessment for each Lot within such preliminary plat and/or site plan to the Maximum Assessment. The City's approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts does not eliminate the obligation of the Owner to pay such amounts.

By way of illustration, if a block is initially anticipated to contain 1,000 square feet of commercial property subject to a Maximum Assessment of \$10 per square foot, the block would initially be allocated a total Assessment of \$10,000. If the Developer then submits to the City and Administrator a Preliminary Site Plan showing only 800 square feet of commercial property on said block, the Owner will be required to make or cause to be made a Prepayment in an amount sufficient to reduce the Assessment allocated to said block to the Maximum Assessment of \$10 per square foot, which is calculated using the following formula:

$$A = B - (C * D)$$

Where the terms have the following meanings:

A = the Prepayment amount

B = the Assessment originally allocated to the Assessed Property

C = the number of units in the Assessed Property per the Preliminary Site Plan

D = the Maximum Assessment per unit

	Square Footage	Assessment	Assessment per Square Foot ^[a]
Initially Anticipated:	1,000	\$ 10,000.00	\$ 10.00
Site Plan:	800	\$ 10,000.00	\$ 12.50
Post-Prepayment ^[b] :	800	\$ 8,000.00	\$ 10.00

Footnotes:

[a] The Maximum Assessment per square foot is \$10.00.

[b] The Mandatory Prepayment amount required in this example to reduce the Assessment per square foot back down to the Maximum Assessments of \$10.00 is \$2,000.00
(10,000-(800*10) = 2,000).

C. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefitted Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefitted Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer; provided that, however, such mandatory Prepayment of the Assessment shall not be required for portions of a Parcel that are dedicated or conveyed to the City, a property owner association, any other governmental entity or utility provider for use as internal roads, utilities, parks, drainage and detention facilities, and other similar public improvements, in which case the Assessment that was allocated to the Parcel will be reallocated to the remainder of the Parcel. If a reallocation to the remainder of the Parcel as

provided in the foregoing sentence causes the Assessment for such remainder to exceed the Maximum Assessment, the owner of the remainder of the Parcel must partially prepay the Assessment to the extent it exceeds the Maximum Assessment in an amount sufficient to reduce the Assessment to the Maximum Assessment.

D. Reduction of Assessments

If the Actual Costs of completed Initial Major Improvements are less than the Initial Major Improvement Assessments, then (i) in the event Initial Major Improvement Bonds have not been issued for the purpose of financing the Initial Major Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Initial Major Improvement Assessment, on a pro rata basis, such that the sum of the resulting reduced Initial Major Improvement Assessments for all Initial Major Improvement Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that Initial Major Improvement Bonds have been issued for the purpose of financing the Initial Major Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to the Initial Major Improvement Bonds as directed by the City pursuant to the terms of such Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as the Initial Major Improvement Assessments. Such excess Initial Major Improvement Bond proceeds may be used for any purpose authorized by such Indenture. The Initial Major Improvement Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Initial Major Improvement Bonds.

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

If the Actual Costs of completed Additional Major Improvements are less than the Additional Major Improvement Assessments, then (i) in the event Additional Major Improvement Bonds have not been issued for the purpose of financing the Additional Major Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Additional Major Improvement Assessment, on a pro rata basis, such that the sum of the resulting reduced Additional Major Improvement Assessments for all Additional Major Improvement Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that Additional Major Improvement Bonds have been issued for the purpose of financing the Additional Major Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to the Additional Major Improvement Bonds as directed by the City pursuant to the terms of such

Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as the Additional Major Improvement Assessments. Such excess Additional Major Improvement Bond proceeds may be used for any purpose authorized by such Indenture. The Additional Major Improvement Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Additional Major Improvement Bonds.

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

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the applicable Assessment Rolls revised accordingly; (2) the Administrator shall prepare the revised Assessment Rolls and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to reflect the amount of the Assessment remaining after such partial prepayment on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit G-3** shows the estimated Annual Installments including both the Initial Major Improvement

Assessment and the Additional Major Improvement Assessment. Annual Installments are subject to adjustment in each Annual Service Plan Update.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments may at the discretion of the City be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes to the extent practically possible. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Initial Major Improvement Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2027. The initial Annual Installments of the Additional Major Improvement Assessments shall become delinquent on the first February 1 falling after the Additional Major Improvement Assessments Trigger Date.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "**Remaining Property**") following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Remaining Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value

requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the applicable Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Assessment on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

SECTION VII: ASSESSMENT ROLL

The Assessment Rolls are attached as **Exhibit G-1** and **Exhibit G-2**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Assessment Rolls and Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such a written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator. Any action by the City Council shall not impair the rights or security for bondholders of the PID Bonds.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure; Filing in Real Property Records

Within seven days of approval by the City Council, the Assessment Ordinance shall be filed and recorded in the real property records of the County. In addition, the City shall similarly file each Annual Service Plan Update approved by the City Council, with each such filing to occur within seven days of the date of each respective Annual Service Plan Update is approved.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Remaining provisions of this Service and Assessment Plan shall remain in effect.

EXHIBITS

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

Exhibit A	District Boundary Map
Exhibit B-1	Project Costs
Exhibit B-2	Fire Station Apportionment of Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E	Maximum Assessment and Tax Rate Equivalent
Exhibit F	TIRZ Maximum Annual Credit Amount
Exhibit G-1	Initial Major Improvement Assessment Roll
Exhibit G-2	Additional Major Improvement Assessment Roll
Exhibit G-3	Annual Installments
Exhibit H	Maps of Initial Major Improvements and Additional Major Improvements
Exhibit I	Form of Notice of PID Assessment Termination
Exhibit J	Debt Service Schedule for Initial Major Improvement Bonds
Exhibit K	District Boundary Description

APPENDICES

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

Appendix A Engineer's Report

Appendix B Buyer Disclosures

EXHIBIT A – DISTRICT BOUNDARY MAP

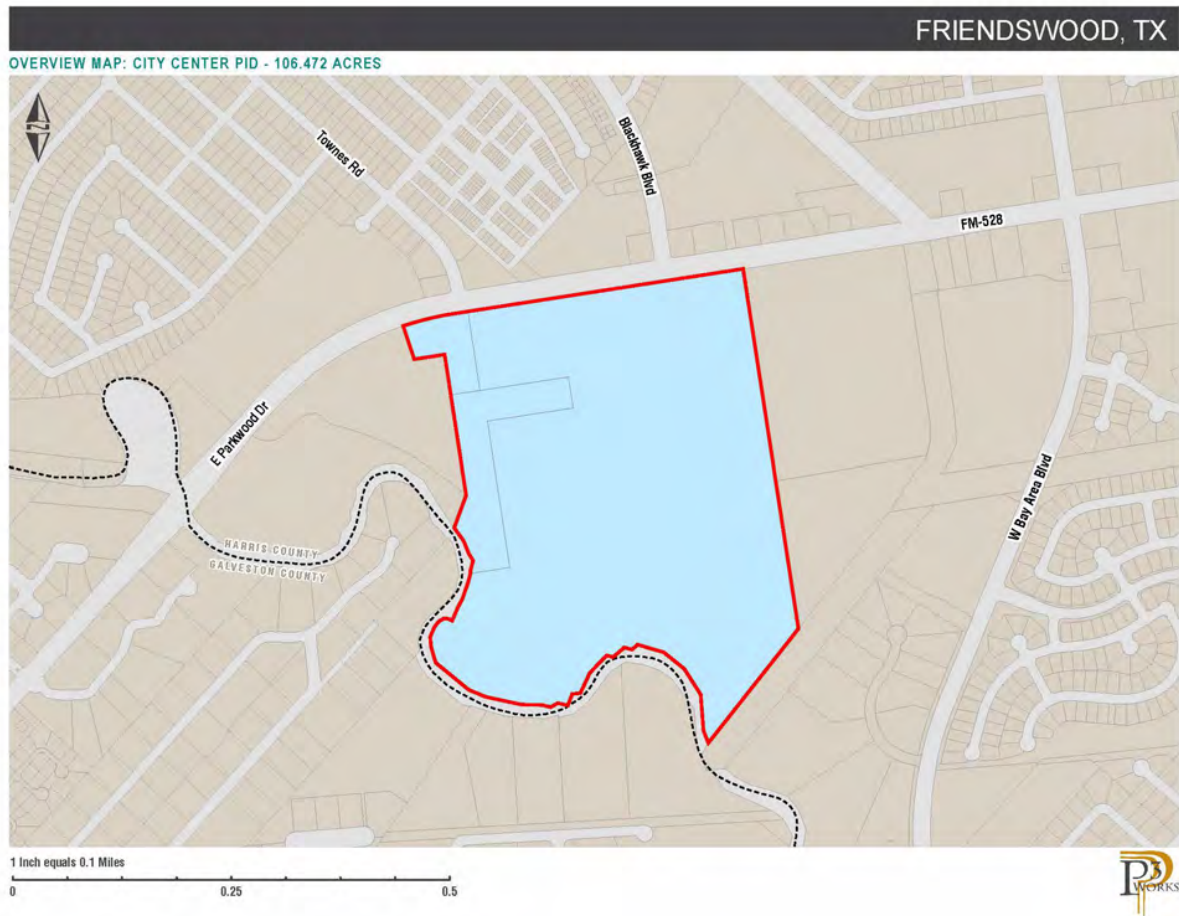


EXHIBIT B-1 – PROJECT COSTS

		Non-District Costs ^[b]		District	
	Total Costs ^[a]	%	\$	%	\$
Initial Major Improvements					
FM 528 Traffic Improvements	\$1,200,000	0.00%	\$ -	100.00%	\$1,200,000
Phase 1 Blackhawk Boulevard Improvements	240,923	0.00%	-	100.00%	240,923
Phase 1 Townes Road Improvements	271,984	0.00%	-	100.00%	271,984
Phase 1 Madison Avenue Improvements	98,159	0.00%	-	100.00%	98,159
Larrabee Way Improvements	817,556	0.00%	-	100.00%	817,556
Phase 1 Earthwork, Paving and Grading	649,796	36.51%	237,253	63.49%	412,543
Clearing, Grubbing and Demolition	3,226,758	72.93%	2,353,150	27.07%	873,609
Detention Pond 1	14,761,896	5.27%	778,095	94.73%	13,983,801
Detention Pond 2	2,018,477	0.00%	-	100.00%	2,018,477
Phase 1 Storm Drainage	5,144,261	0.00%	-	100.00%	5,144,261
Contingency ^[c]	3,695,875	0.00%	-	100.00%	3,695,875
Soft Costs ^[d]	1,714,512	95.16%	1,631,502	4.84%	83,010
	\$ 33,840,197		\$ 5,000,000		\$ 28,840,198
Additional Major Improvements					
Phase 2 Blackhawk Blvd. Improvements	\$3,703,530	0.00%	\$ -	100.00%	\$3,703,530
Phase 2 Townes Rd. Improvements	323,993	0.00%	-	100.00%	323,993
Phase 2 Madison Ave. Improvements	213,654	0.00%	-	100.00%	213,654
Bennett Blvd. Improvements	804,530	0.00%	-	100.00%	804,530
Phase 2 Earthwork, Paving & Grading	1,417,727	0.00%	-	100.00%	1,417,727
Water	1,007,036	0.00%	-	100.00%	1,007,036
Wastewater	862,879	0.00%	-	100.00%	862,879
Sanitary Sewer Lift Station	1,330,700	0.00%	-	100.00%	1,330,700
Phase 2 Storm Drainage	179,101	0.00%	-	100.00%	179,101
Landscaping, Parks and Amenities	5,597,472	0.00%	-	100.00%	5,597,472
Fire Station ^[e]	8,300,000	87.57%	7,268,310	12.43%	1,031,690
Contingency ^[f]	2,141,400	0.00%	-	100.00%	2,141,400
Soft Costs ^[g]	2,981,848	0.00%	-	100.00%	2,981,848
	\$ 28,863,870		\$ 7,268,310		\$ 21,595,560
Initial Major Improvement Bond Issuance Costs					
Delinquency and Prepayment Reserve Fund	\$ 937,500	\$ -		\$ 937,500	
Debt Service Reserve Fund	3,201,440	-		3,201,440	
Capitalized Interest	4,717,708	-		4,717,708	
Underwriter Discount	1,125,000	-		1,125,000	
Cost of Issuance	1,875,000	-		1,875,000	
	\$ 11,856,648	\$ -		\$ 11,856,648	
Additional Major Improvement Bond Issuance Costs ^[h]					
Delinquency and Prepayment Reserve Fund	\$ 445,550	\$ -		\$ 445,550	
Debt Service Reserve Fund	1,513,540	-		1,513,540	
Underwriter Discount	535,162	-		535,162	
Cost of Issuance	891,100	-		891,100	
	\$ 3,385,352	\$ -		\$ 3,385,352	
District Formation Expenses					
District Formation Expenses	\$ 100,000	\$ -		\$ 100,000	
	\$ 100,000	\$ -		\$ 100,000	
Other Costs					
Deposit to Administrative Fund	\$ 80,000	\$ -		\$ 80,000	
	\$ 80,000	\$ -		\$ 80,000	
Total	\$ 78,126,067	\$ 12,268,310		\$ 65,857,757	

Footnotes:

- [a] Costs were determined by the Engineer's Report attached hereto as **Appendix A**.
- [b] Funding for the Non-District Costs are being provided by other lawfully available revenue of the City and will not be reimbursed by the PID Bonds, Initial Major Improvement Assessments or Additional Major Improvement Assessments.
- [c] Calculated at 13% of hard construction costs for the Initial Major Improvements as approved by the City.
- [d] Includes professional services fees related to drainage and flood mitigation, Land Planning, Design, Engineering, Geotechnical Engineering, and Surveying for the Initial Major Improvements.
- [e] Apportionment of Costs for the Fire Station is based on the estimated Assessed Valuation for the District as a percentage of the City's 2023 Assessed Valuation.
- [f] Calculated at 13% of hard construction costs for the Additional Major Improvements as approved by the City.
- [g] Includes professional services fees related to Engineering, Geotechnical Engineering, Surveying, Land Planning and Design of the Additional Major Improvements.
- [h] Preliminary estimates. Actual costs will be determined at the time of bond issuance for the Additional Major Improvements.

EXHIBIT B-2 – FIRE STATION – APPORTIONMENT OF COSTS

Entity	Estimated Assessed Valuation ¹	Fire Station Improvements ²		Total Apportionment to District ¹
		%	Costs	
City	5,401,437,619	87.56%	\$ 7,267,480	
District	767,145,099	12.44%	\$ 1,032,520	\$ 1,032,520
Total	\$ 6,168,582,718	100.00%	\$ 8,300,000	

Footnotes:

- 1) The District estimated Taxable Valuation is estimated by the Developer and the City's 2024 estimated Taxable Valuation is per the City on September 17, 2024.
- 2) The Fire Station Improvements are apportioned based on the estimated Taxable Valuation for the District as a percentage of the of City's 2024 estimated Taxable Valuation.

EXHIBIT C – SERVICE PLAN

		District				
Annual Installments Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
<i>Initial Major Improvement Bonds</i>						
Principal		\$ -	\$ -	\$ 438,000	\$ 469,000	\$ 504,000
Interest ^[a]		2,092,708	2,625,000	2,625,000	2,594,340	2,561,510
Capitalized Interest		(2,092,708)	(2,625,000)	-	-	-
	(1)	\$ -	\$ -	\$ 3,063,000	\$ 3,063,340	\$ 3,065,510
Additional Interest ^[b]	(2)	\$ 187,500	\$ 187,500	\$ 187,500	\$ 185,310	\$ 182,965
<i>Additional Major Improvements Reimbursement Obligation</i>						
Principal		\$ -	\$ -	\$ 266,000	\$ 282,000	\$ 298,000
Interest ^[c]		-	-	1,247,540	1,228,920	1,209,180
	(3)	\$ -	\$ -	\$ 1,513,540	\$ 1,510,920	\$ 1,507,180
Annual Collection Costs	(4)	\$ -	\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595
Total Annual Installments	(5) = (1) + (2) + (3) + (4)	\$ -	\$ 81,600	\$ 4,659,772	\$ 4,659,157	\$ 4,659,285

Footnotes:

[a] Calculated at the rate on the Series 2024 Bonds plus Additional Interest.

[b] Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of outstanding bond par.

[c] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on the Bonds plus the Additional Interest.

EXHIBIT D – SOURCES AND USES OF FUNDS

	Initial Major Improvements	Additional Major Improvements	Total
Sources of Funds			
Initial Major Improvement Bonds	\$ 37,500,000	\$ -	\$ 37,500,000
Additional Major Improvement Reimbursement Obligation ^[a]	-	17,822,000	\$ 17,822,000
Non-District Sources ^[b]	5,000,000	7,268,310	12,268,310
Owner Contribution ^[c]	3,291,846	7,243,911	10,535,757
Total Sources of Funds	\$ 45,791,846	\$ 32,334,221	\$ 78,126,067
Uses of Funds			
Major Improvements	\$ 28,840,198	\$ 21,595,560	\$ 50,435,757
Non-PID Improvements	\$ 5,000,000	\$ 7,268,310	\$ 12,268,310
Total Improvements	\$ 33,840,197	\$ 28,863,870	\$ 62,704,067
<i>Initial Major Improvement Bond Issuance Costs</i>			
Delinquency and Prepayment Reserve Fund	\$ 937,500	\$ -	\$ 937,500
Debt Service Reserve Fund	3,201,440	-	3,201,440
Capitalized Interest	4,717,708	-	4,717,708
Underwriter Discount	1,125,000	-	1,125,000
Cost of Issuance	1,875,000	-	1,875,000
	<u>\$ 11,856,648</u>	<u>\$ -</u>	<u>11,856,648</u>
<i>Additional Major Improvement Bond Issuance Costs^[d]</i>			
Delinquency and Prepayment Reserve Fund	\$ -	\$ 445,550	\$ 445,550
Debt Service Reserve Fund	-	1,513,540	1,513,540
Underwriter Discount	-	535,162	535,162
Cost of Issuance	-	891,100	891,100
	<u>\$ -</u>	<u>3,385,352</u>	<u>3,385,352</u>
<i>District Formation Expenses</i>			
District Formation Expenses	50,000	50,000	100,000
	<u>\$ 50,000</u>	<u>50,000</u>	<u>100,000</u>
<i>Other Costs</i>			
Deposit to Administrative Fund	45,000	35,000	80,000
	<u>\$ 45,000</u>	<u>\$ 35,000</u>	<u>\$ 80,000</u>
Total Uses of Funds	\$ 45,791,846	\$ 32,334,221	\$ 78,126,067

Footnotes:

[a] Remaining reimbursement to the developer pursuant to the Reimbursement Agreement that shall be paid with Annual Installments of Additional Major Improvement Assessments or may be financed by the issuance of future PID Bonds.

[b] Non-District sources are lawfully available revenue of the City to be contributed to pay or reimburse certain costs of the Authorized Improvements and will not be utilized to buydown the Initial Major Improvement Assessment or the Additional Major Improvement Assessment. The sources are to be paid as a direct reimbursement for costs.

[c] Non-reimbursable to the Owner/Developer through PID Bonds, the Initial Major Improvement Assessments, or the Additional Major Improvement Assessments.

[d] Estimated, subject to change.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

		Units/Sq. Ft. ^(c)	Estimated Buildout Value ^(c)		Initial Major Improvement Assessment		Additional Major Improvement Assessment ^(d)		Total Maximum Assessment ^{(a),(d)}		Initial Major Improvement Maximum Annual Installment		Additional Major Improvement Maximum Annual Installment		Total Maximum Annual Installment		Value to Lien Per Appraised Value ^(e)	TRE ^(f)
Lot Type	Function ^(a)		Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total ^(d)		
Lot Type 1	Inline Retail or Food Retail	76,408	\$ 578	\$ 44,140,000	\$ 28.25	\$ 2,158,446	\$ 13.43	\$ 1,025,809	\$ 41.67	\$ 3,184,255	\$ 2.461603	\$ 188,086	\$ 1.167589	\$ 89,213	\$ 3.63	\$ 268,212	20.450	\$ 0.607640
Lot Type 2	Mixed Use Building	268,800	\$ 480	\$ 129,125,714	\$ 23.49	\$ 6,314,248	\$ 11.16	\$ 3,000,867	\$ 34.65	\$ 9,315,115	\$ 2.046954	\$ 550,221	\$ 0.970912	\$ 260,981	\$ 3.02	\$ 784,619	1.402	\$ 0.607640
Lot Type 3	Hotel	115	\$ 217,391	\$ 25,000,000	\$ 10,630.44	\$ 1,222,500	\$ 5,052.15	\$ 580,997	\$ 15,682.59	\$ 1,803,497	\$ 926.332224	\$ 106,528	\$ 439.378303	\$ 50,529	\$ 1,365.71	\$ 151,910	1.710	\$ 0.607640
Lot Type 4	Office	194,050	\$ 405	\$ 78,605,385	\$ 19.81	\$ 3,843,804	\$ 9.41	\$ 1,826,781	\$ 29.22	\$ 5,670,584	\$ 1.726089	\$ 334,948	\$ 0.818719	\$ 158,873	\$ 2.54	\$ 477,638	1.074	\$ 0.607640
Lot Type 5	Multi-Family ^(f)	750,000	\$ 653	\$ 490,000,000	\$ 31.95	\$ 23,961,002	\$ 15.18	\$ 11,387,546	\$ 47.13	\$ 35,348,548	\$ 2.783937	\$ 2,087,953	\$ 1.320478	\$ 990,359	\$ 4.10	\$ 2,977,435	0.669	\$ 0.607640
Total			\$ 766,871,099		\$ 37,500,000		\$ 17,822,000		\$ 55,322,000		\$ 3,267,736		\$ 1,549,954		\$ 4,659,813		2.006	\$ 0.607640

Footnotes:

- [a] Buildout Values and Assessments are calculated based on data provided by the Developer. As property develops, if the property use(s) change(s) from the proposed use, a prepayment of an Assessment may be required upon completion of a true up during each Annual Update.
- [b] Lot Type 3 Units equivalent to number of keys.
- [c] Estimated Buildout Value for Lot Types 2, 3, 4, and 5 are per Developer on September 19, 2024 and Lot Type 1 is based on Appraisal dated July 24, 2024.
- [d] The Assessments will be levied as Initial Major Improvement Assessments and Additional Major Improvement Assessments. The Additional Major Improvement Assessments Trigger Date, as defined in the Service and Assessment Plan, determines the Annual Installment Due Date.
- [e] Values per Appraisal dated July 24, 2024. VTL is calculated on Initial Major Improvement Assessment only.
- [f] Lot Type 5 - Multi-Family includes corridor retail.
- [g] The Total PID TRE is less than the sum of the Total Maximum Annual Installment because the Maximum Annual Installment doesn't occur in the same year for the Initial Major Improvements as the Additional Major Improvements.
- [h] TRE excludes any amounts shown as Additional Interest on any Annual Installment schedule herein as Additional Interest is not expected to be collected unless the balance of the Delinquency and Prepayment Reserve Account falls below 2.5% of the outstanding bond par.

EXHIBIT F – TIRZ MAXIMUM ANNUAL CREDIT AMOUNT

Initial Major Improvements Assessment													
Land Use and Initial Major Improvements Assessment							Pre-TIRZ Annual Installment		TIRZ Credit		Post-TIRZ Annual Installment		
Lot Type	Units/Sq. Ft. ^[a]	Total Improved Land Value	AV Per Unit/Square Foot	Total AV	Initial Major Improvements Assessment	Initial Major Improvements Assessment Per Unit	Initial Major Improvements Annual Installment		TIRZ No. 1 Maximum Annual Credit Amount Per Unit	Total Annual TIRZ No. 1 Credit	Initial Major Improvements Annual Installment		
							Per Unit/SqFt	Total			Per Unit/SqFt	Total	
Initial Major Improvements ^[b]													
Lot Type 1	76,408	\$ 6,830,000	\$ 578	\$ 44,140,000	\$ 2,158,446	\$ 28.2490	\$ 2.460	\$ 188,086.200	\$ (2.079)	\$ (158,868.865)	\$ 0.38	\$ 29,217.34	
Lot Type 2	268,800	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 6,314,248	\$ 23.4905	\$ 2.050	\$ 550,221.225	\$ (1.729)	\$ (464,749.786)	\$ 0.32	\$ 85,471.44	
Lot Type 3	115	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 1,222,500	\$ 10,630.4357	\$ 926.330	\$ 106,528.206	\$ (782.436)	\$ (89,980.100)	\$ 143.89	\$ 16,548.11	
Lot Type 4	194,050	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 3,843,804	\$ 19.8083	\$ 1.730	\$ 334,947.625	\$ (1.458)	\$ (282,916.816)	\$ 0.27	\$ 52,030.81	
Lot Type 5	750,000	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 23,961,002	\$ 31.9480	\$ 7.770	\$ 2,087,952.833	\$ (2.351)	\$ (1,763,609.960)	\$ 5.42	\$ 324,342.87	
Total		\$ 37,920,000		\$ 766,871,099	\$ 37,500,000		\$ 3,267,736.09		\$ (2,760,125.53)		\$ 507,610.56		

Additional Major Improvements Assessment													
Land Use and Additional Major Improvements Assessment							Pre-TIRZ Annual Installment		TIRZ Credit ^[d]		Post-TIRZ Annual Installment		
Lot Type	Units/Sq. Ft. ^[a]	Total Improved Land Value	AV Per Unit/Square Foot	Total AV	Additional Major Improvements Assessment	Additional Major Improvements Assessment Per Unit	Additional Major Improvements Annual Installment		TIRZ No. 1 Maximum Annual Credit Amount Per Unit	Total Annual TIRZ No. 1 Credit	Additional Major Improvements Annual Installment		
							Per Unit/SqFt	Total			Per Unit/SqFt	Total	
Additional Major Improvements ^[c]													
Lot Type 1	76,408	\$ 6,830,000	\$ 578	\$ 44,140,000	\$ 1,025,809	\$ 13.4300	\$ 1.1676	\$ 89,213	\$ -	\$ -	\$ 1.17	\$ 89,213.13	
Lot Type 2	268,800	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 3,000,867	\$ 11.1600	\$ 0.9709	\$ 260,981	\$ -	\$ -	\$ 0.97	\$ 260,981.17	
Lot Type 3	115	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 580,997	\$ 5,052.1500	\$ 439.3783	\$ 50,529	\$ -	\$ -	\$ 439.38	\$ 50,528.50	
Lot Type 4	194,050	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 1,826,781	\$ 9.4100	\$ 0.8187	\$ 158,873	\$ -	\$ -	\$ 0.82	\$ 158,872.50	
Lot Type 5	750,000	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 11,387,546	\$ 15.1800	\$ 1.3205	\$ 990,359	\$ -	\$ -	\$ 1.32	\$ 990,358.69	
		\$ 37,920,000		\$ 766,871,099	\$ 17,822,000		\$ 1,549,954.00		\$ -		\$ 1,549,954.00		

Footnotes:

[a] Lot Type 3 Units equivalent to number of keys.

[b] The TIRZ No. 1 Annual Credit for the Initial Major Improvements is calculated on the Initial Major Improvements Annual Installment.

[c] The TIRZ No. 1 Annual Credit for the Additional Major Improvements is calculated on the Additional Major Improvements Annual Installment.

EXHIBIT G-1 – INITIAL MAJOR IMPROVEMENT ASSESSMENT ROLL

City of Friendswood - City Center PID Initial Major Improvement Assessment Roll ^[e]											
Property ID	Address	Lot Type	Acres	Initial Major Improvement Outstanding Assessment ^[a]	(1) Principal ^[f]	(2) Interest ^[b]	(3) Capitalized Interest	(4) Additional Interest ^[c]	(5) Annual Collection Costs ^[d]	(5) Initial Major Improvements Annual Installment Due 1/31/2025 ^[e]	(5) Initial Major Improvements Annual Installment Due 1/31/2025 ^[e]
1413970000003	FM 528 RD	Non Benefited	7.6699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1413970000001	3680 FM 528 RD	Non Benefited	3.0199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0432150000130	3801 E FM 528 RD	Initial Parcel	95.7822	\$ 37,500,000.04	\$ -	\$ 2,092,708.00	\$ (2,092,708.00)	\$ 187,500.00	\$ -	\$ -	\$ -
Total			106.4720	\$ 37,500,000.04	\$ -	\$ 2,092,708.00	\$ (2,092,708.00)	\$ 187,500.00	\$ -	\$ -	\$ -

Footnotes:

[a] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[b] Interest is calculated at the rate of the Initial Major Improvement Bonds. Principal on the Initial Major Assessment Bonds is paid by Capitalized Interest for the installment due 1/31/2025. Interest for each year of the life of the Initial Major Improvement Assessment is depicted in **Exhibit G-3**.

[c] Additional Interest included; however Additional Interest shall be collected if the Delinquency and Prepayment Reserve Fund falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] Annual Collection Costs will be assessed each year based on actual costs to administer the District.

[e] The Initial Major Improvement Assessment Roll depicted here shows the Initial Major Improvement Assessment due 1/31/2025. The levy of the Initial Major Improvement Assessment is for a period of 30 years beginning in 2025 through 2054 in the total principal amount of \$37,500,000.00 plus interest on the Initial Major Improvement Bonds, Additional Interest and Annual Collection Costs. **Exhibit G-3** identifies the levy of the Initial Major Improvement Assessments over this period with interest on the Initial Major Improvement Bonds, Annual Collection Costs and Additional Interest. **Exhibit G-3** Initial Major Improvement Annual Installments is hereby incorporated into this **Exhibit G-1**.

[f] There is no principal payment of Assessment due 1/31/2025. Principal due each year for the life of the Initial Major Improvement Assessment is depicted in **Exhibit G-3**.

EXHIBIT G-2 – ADDITIONAL MAJOR IMPROVEMENT ASSESSMENT ROLL

Property ID	Address	Lot Type	Acres	Additional Major Improvement Outstanding Assessment ^[a]	Principal	Interest ^[c]	Capitalized Interest	Additional Interest ^[d]	Annual Collection Costs ^[d]	Additional Major Improvements Annual Installment Due 1/31/2025 ^{[a],[b]}
1413970000003	FM 528 RD	Non Benefited	7.6699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1413970000001	3680 FM 528 RD	Non Benefited	3.0199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0432150000130	3801 E FM 528 RD	Initial Parcel	95.7822	\$ 17,822,000.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total			106.4720	\$ 17,822,000.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Footnotes:

[a] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[b] The Additional Major Improvement Assessments Trigger Date defined in the Service and Assessment Plan determines the Annual Installment Due Date for the Additional Major Improvement Assessments.

[c] Interest will accrue on the Additional Major Improvement Assessment at a rate of 7.00% prior to the issuance of Additional Major Improvement Bonds. Upon the issuance of Additional Major Improvement Bonds, the interest rate will adjust to the rate on such PID Bonds plus Additional Interest.

[d] Annual Collection Costs will be assessed each year based on actual costs to administer the District.

EXHIBIT G-3 – ANNUAL INSTALLMENTS

	Initial Major Improvement Bonds							Additional Major Improvement Reimbursement Obligation ^[a]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[e]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due	
2025	\$ -	\$ 2,092,708	\$ (2,092,708)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,110	\$ -	\$ -	
2026	\$ -	\$ 2,625,000	\$ (2,625,000)	\$ 45,900	\$ 187,500	\$ -	\$ 45,900	\$ -	\$ -	\$ 35,700	\$ -	\$ 89,110	\$ 35,700	\$ 81,600	
2027	\$ 438,000	\$ 2,625,000	\$ -	\$ 46,818	\$ 187,500	\$ -	\$ 3,109,818	\$ 266,000	\$ 1,247,540	\$ 36,414	\$ -	\$ 89,110	\$ 1,549,954	\$ 4,659,772	
2028	\$ 469,000	\$ 2,594,340	\$ -	\$ 47,754	\$ 185,310	\$ -	\$ 3,111,094	\$ 282,000	\$ 1,228,920	\$ 37,142	\$ -	\$ 87,780	\$ 1,548,062	\$ 4,659,157	
2029	\$ 504,000	\$ 2,561,510	\$ -	\$ 48,709	\$ 182,965	\$ -	\$ 3,114,219	\$ 298,000	\$ 1,209,180	\$ 37,885	\$ -	\$ 86,370	\$ 1,545,065	\$ 4,659,285	
2030	\$ 540,000	\$ 2,526,230	\$ -	\$ 49,684	\$ 180,445	\$ -	\$ 3,115,914	\$ 316,000	\$ 1,188,320	\$ 38,643	\$ -	\$ 84,880	\$ 1,542,963	\$ 4,658,876	
2031	\$ 580,000	\$ 2,488,430	\$ -	\$ 50,677	\$ 177,745	\$ -	\$ 3,119,107	\$ 335,000	\$ 1,166,200	\$ 39,416	\$ -	\$ 83,300	\$ 1,540,616	\$ 4,659,723	
2032	\$ 622,000	\$ 2,447,830	\$ -	\$ 51,691	\$ 174,845	\$ -	\$ 3,121,521	\$ 355,000	\$ 1,142,750	\$ 40,204	\$ -	\$ 81,625	\$ 1,537,954	\$ 4,659,475	
2033	\$ 668,000	\$ 2,404,290	\$ -	\$ 52,725	\$ 171,735	\$ -	\$ 3,125,015	\$ 375,000	\$ 1,117,900	\$ 41,008	\$ -	\$ 79,850	\$ 1,533,908	\$ 4,658,923	
2034	\$ 717,000	\$ 2,357,530	\$ -	\$ 53,779	\$ 168,395	\$ -	\$ 3,128,309	\$ 398,000	\$ 1,091,650	\$ 41,828	\$ -	\$ 77,975	\$ 1,531,478	\$ 4,659,787	
2035	\$ 770,000	\$ 2,307,340	\$ -	\$ 54,855	\$ 164,810	\$ -	\$ 3,132,195	\$ 421,000	\$ 1,063,790	\$ 42,665	\$ -	\$ 75,985	\$ 1,527,455	\$ 4,659,650	
2036	\$ 827,000	\$ 2,253,440	\$ -	\$ 55,952	\$ 160,960	\$ -	\$ 3,136,392	\$ 445,000	\$ 1,034,320	\$ 43,518	\$ -	\$ 73,880	\$ 1,522,838	\$ 4,659,230	
2037	\$ 887,000	\$ 2,195,550	\$ -	\$ 57,071	\$ 156,825	\$ -	\$ 3,139,621	\$ 472,000	\$ 1,003,170	\$ 44,388	\$ -	\$ 71,655	\$ 1,519,558	\$ 4,659,179	
2038	\$ 953,000	\$ 2,133,460	\$ -	\$ 58,212	\$ 152,390	\$ -	\$ 3,144,672	\$ 499,000	\$ 970,130	\$ 45,276	\$ -	\$ 69,295	\$ 1,514,406	\$ 4,659,079	
2039	\$ 1,023,000	\$ 2,066,750	\$ -	\$ 59,377	\$ 147,625	\$ -	\$ 3,149,127	\$ 529,000	\$ 935,200	\$ 46,182	\$ -	\$ 66,800	\$ 1,510,382	\$ 4,659,508	
2040	\$ 1,099,000	\$ 1,995,140	\$ -	\$ 60,564	\$ 142,510	\$ -	\$ 3,154,704	\$ 559,000	\$ 898,170	\$ 47,105	\$ -	\$ 64,155	\$ 1,504,275	\$ 4,658,979	
2041	\$ 1,180,000	\$ 1,918,210	\$ -	\$ 61,775	\$ 137,015	\$ -	\$ 3,159,985	\$ 592,000	\$ 859,040	\$ 48,047	\$ -	\$ 61,360	\$ 1,499,087	\$ 4,659,073	
2042	\$ 1,267,000	\$ 1,835,610	\$ -	\$ 63,011	\$ 131,115	\$ -	\$ 3,165,621	\$ 627,000	\$ 817,600	\$ 49,008	\$ -	\$ 58,400	\$ 1,493,608	\$ 4,659,229	
2043	\$ 1,361,000	\$ 1,746,920	\$ -	\$ 64,271	\$ 124,780	\$ -	\$ 3,172,191	\$ 663,000	\$ 773,710	\$ 49,989	\$ -	\$ 55,265	\$ 1,486,699	\$ 4,658,890	
2044	\$ 1,462,000	\$ 1,651,650	\$ -	\$ 65,557	\$ 117,975	\$ -	\$ 3,179,207	\$ 702,000	\$ 727,300	\$ 50,988	\$ -	\$ 51,950	\$ 1,480,288	\$ 4,659,495	
2045	\$ 1,570,000	\$ 1,549,310	\$ -	\$ 66,868	\$ 110,665	\$ -	\$ 3,186,178	\$ 743,000	\$ 678,160	\$ 52,008	\$ -	\$ 48,440	\$ 1,473,168	\$ 4,659,346	
2046	\$ 1,686,000	\$ 1,439,410	\$ -	\$ 68,205	\$ 102,815	\$ -	\$ 3,193,615	\$ 787,000	\$ 626,150	\$ 53,048	\$ -	\$ 44,725	\$ 1,466,198	\$ 4,659,813	
2047	\$ 1,812,000	\$ 1,321,390	\$ -	\$ 69,569	\$ 94,385	\$ -	\$ 3,202,959	\$ 831,000	\$ 571,060	\$ 54,109	\$ -	\$ 40,790	\$ 1,456,169	\$ 4,659,128	
2048	\$ 1,946,000	\$ 1,194,550	\$ -	\$ 70,960	\$ 85,325	\$ -	\$ 3,211,510	\$ 880,000	\$ 512,890	\$ 55,191	\$ -	\$ 36,635	\$ 1,448,081	\$ 4,659,592	
2049	\$ 2,091,000	\$ 1,058,330	\$ -	\$ 72,380	\$ 75,595	\$ -	\$ 3,221,710	\$ 930,000	\$ 451,290	\$ 56,295	\$ -	\$ 32,235	\$ 1,437,585	\$ 4,659,295	
2050	\$ 2,246,000	\$ 911,960	\$ -	\$ 73,827	\$ 65,140	\$ -	\$ 3,231,787	\$ 984,000	\$ 386,190	\$ 57,421	\$ -	\$ 27,585	\$ 1,427,611	\$ 4,659,398	
2051	\$ 2,413,000	\$ 754,740	\$ -	\$ 75,304	\$ 53,910	\$ -	\$ 3,243,044	\$ 1,040,000	\$ 317,310	\$ 58,570	\$ -	\$ 22,665	\$ 1,415,880	\$ 4,658,923	
2052	\$ 2,592,000	\$ 585,830	\$ -	\$ 76,810	\$ 41,845	\$ -	\$ 3,254,640	\$ 1,100,000	\$ 244,510	\$ 59,741	\$ -	\$ 17,465	\$ 1,404,251	\$ 4,658,891	
2053	\$ 2,785,000	\$ 404,390	\$ -	\$ 78,346	\$ 28,885	\$ -	\$ 3,267,736	\$ 1,163,000	\$ 167,510	\$ 60,936	\$ -	\$ 11,965	\$ 1,391,446	\$ 4,659,182	
2054	\$ 2,992,000	\$ 209,440	\$ -	\$ 79,913	\$ 14,960	\$ (3,201,440)	\$ 79,913	\$ 1,230,000	\$ 86,100	\$ 62,155	\$ (1,513,540)	\$ 6,150	\$ (135,285)	\$ (55,372)	
Total	\$ 37,500,000	\$ 54,256,288	\$ (4,717,708)	\$ 1,780,564	\$ 3,725,970	\$ (3,201,440)	\$ 85,617,704	\$ 17,822,000	\$ 22,516,060	\$ 1,384,883	\$ (1,513,540)	\$ 1,786,510	\$ 40,209,403	\$ 125,827,106	

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

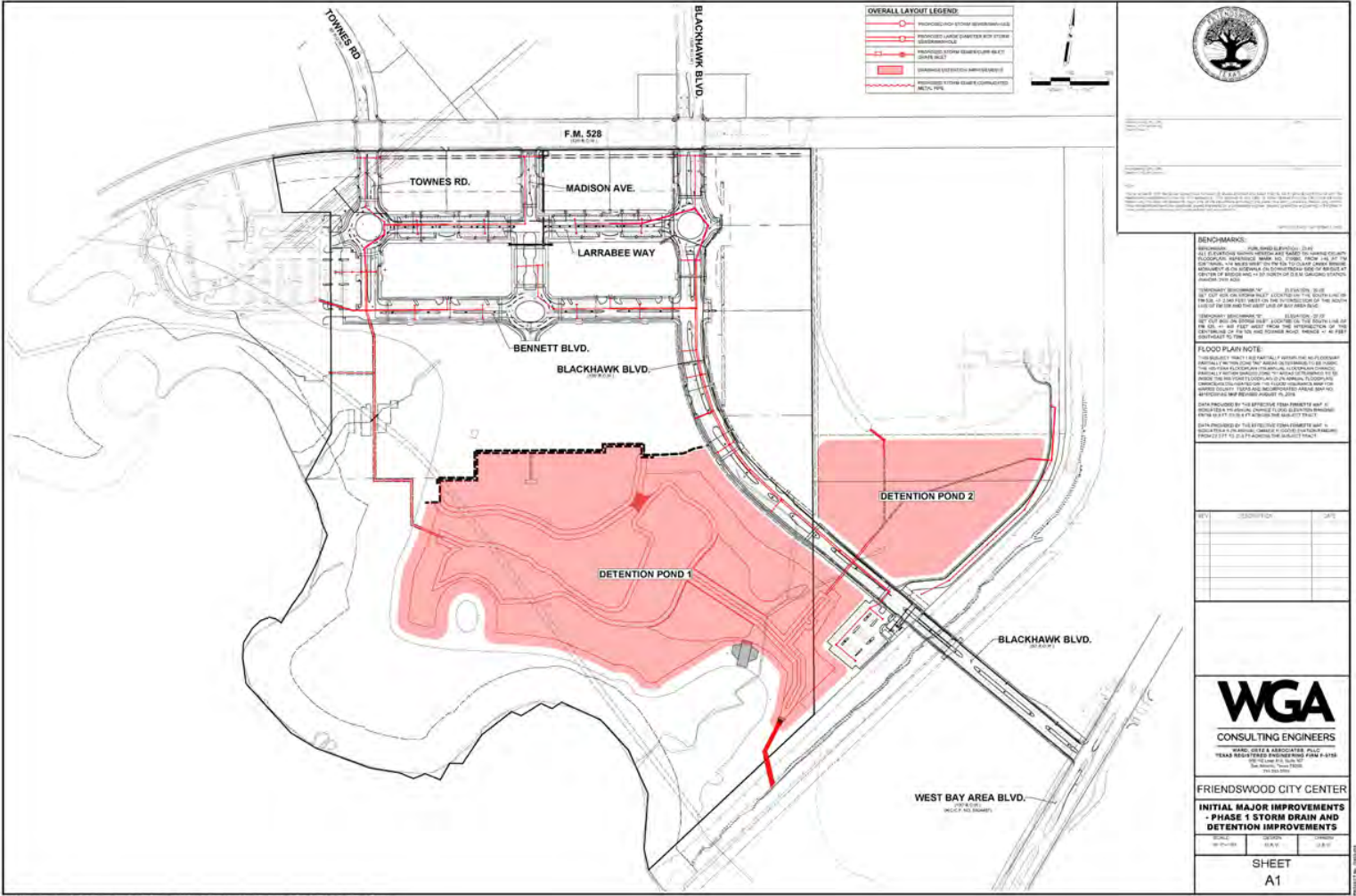
[d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

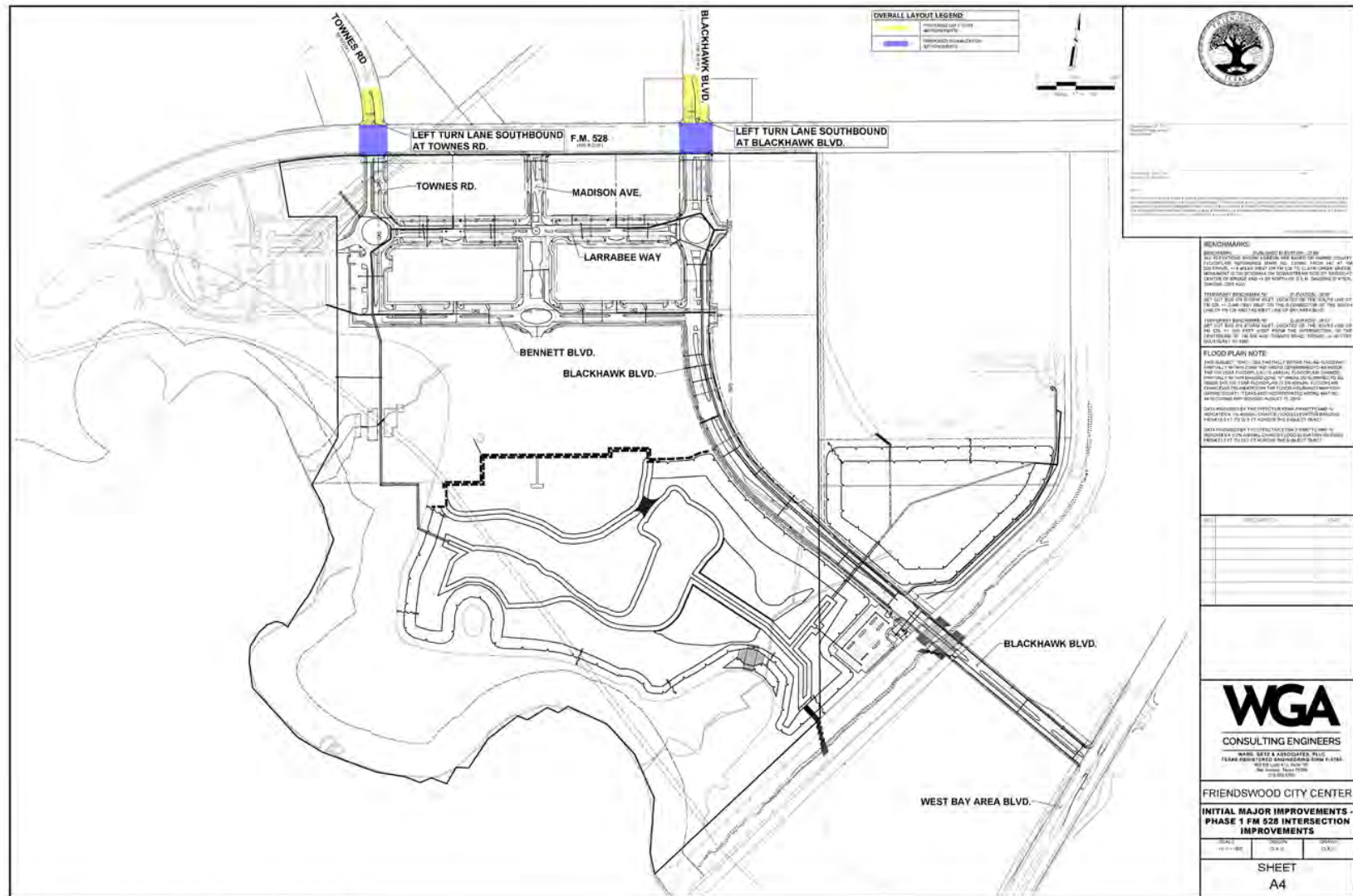
[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

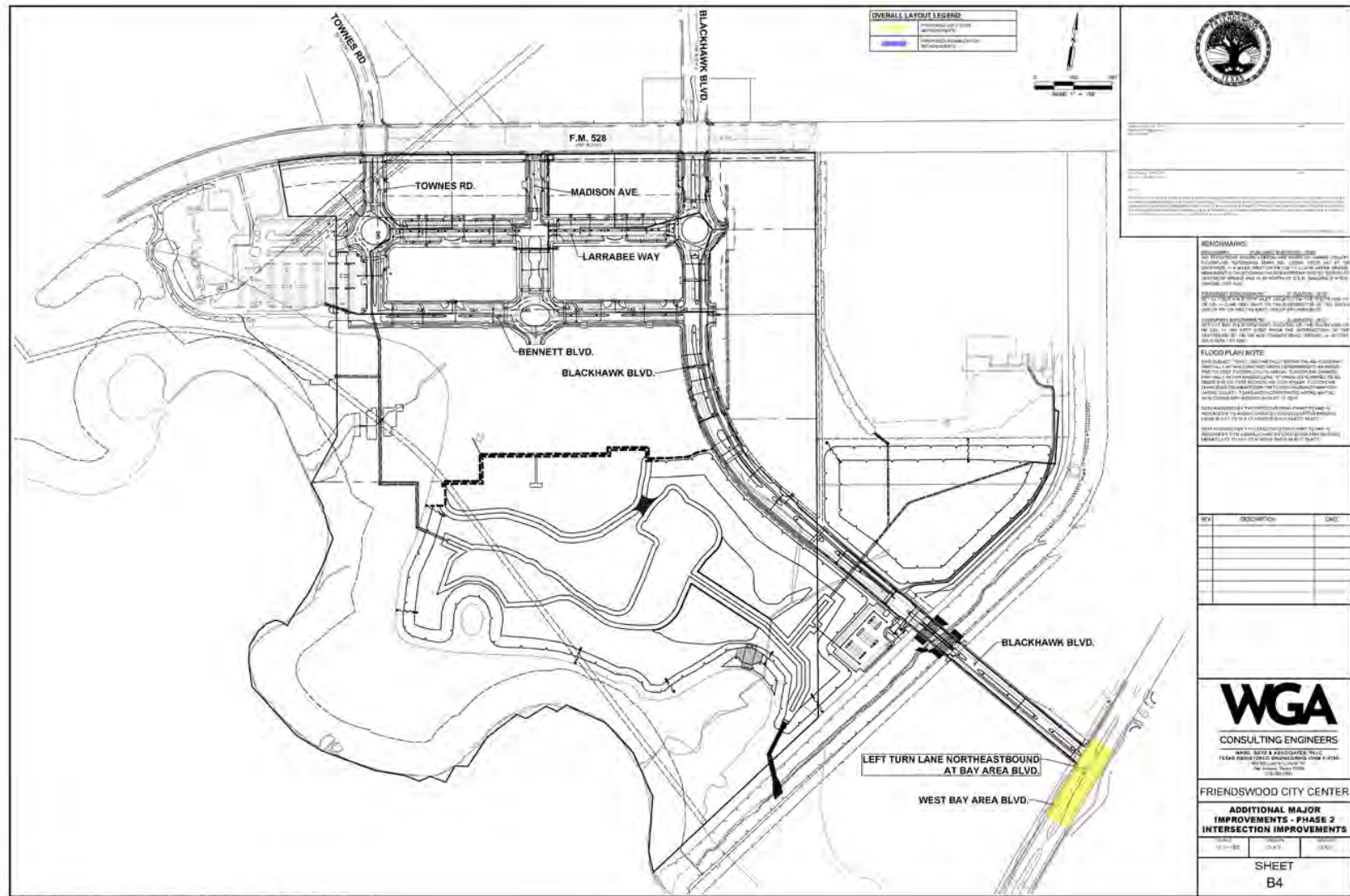
[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

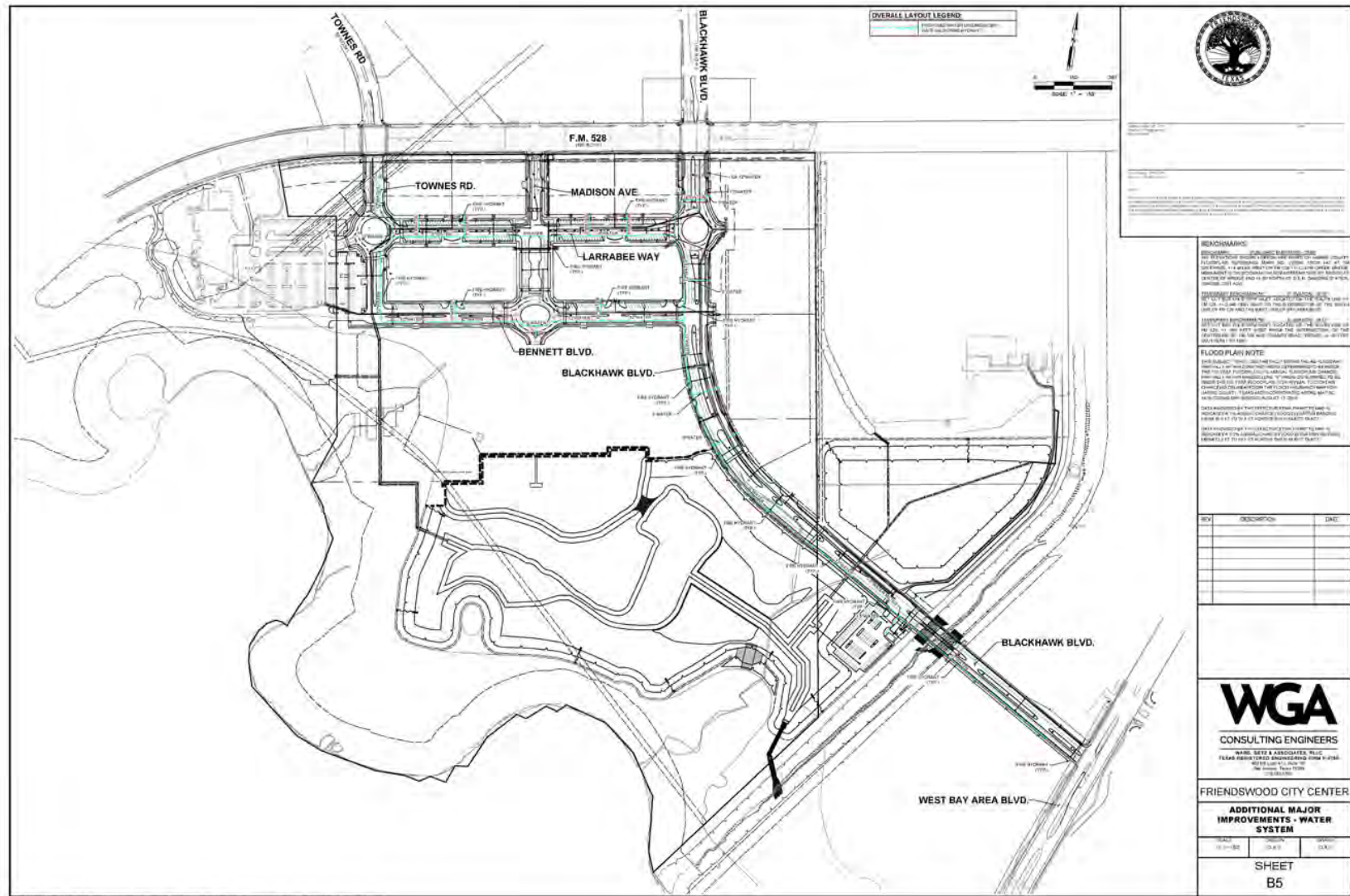
EXHIBIT H – MAPS OF INITIAL MAJOR IMPROVEMENTS AND ADDITIONAL MAJOR IMPROVEMENTS



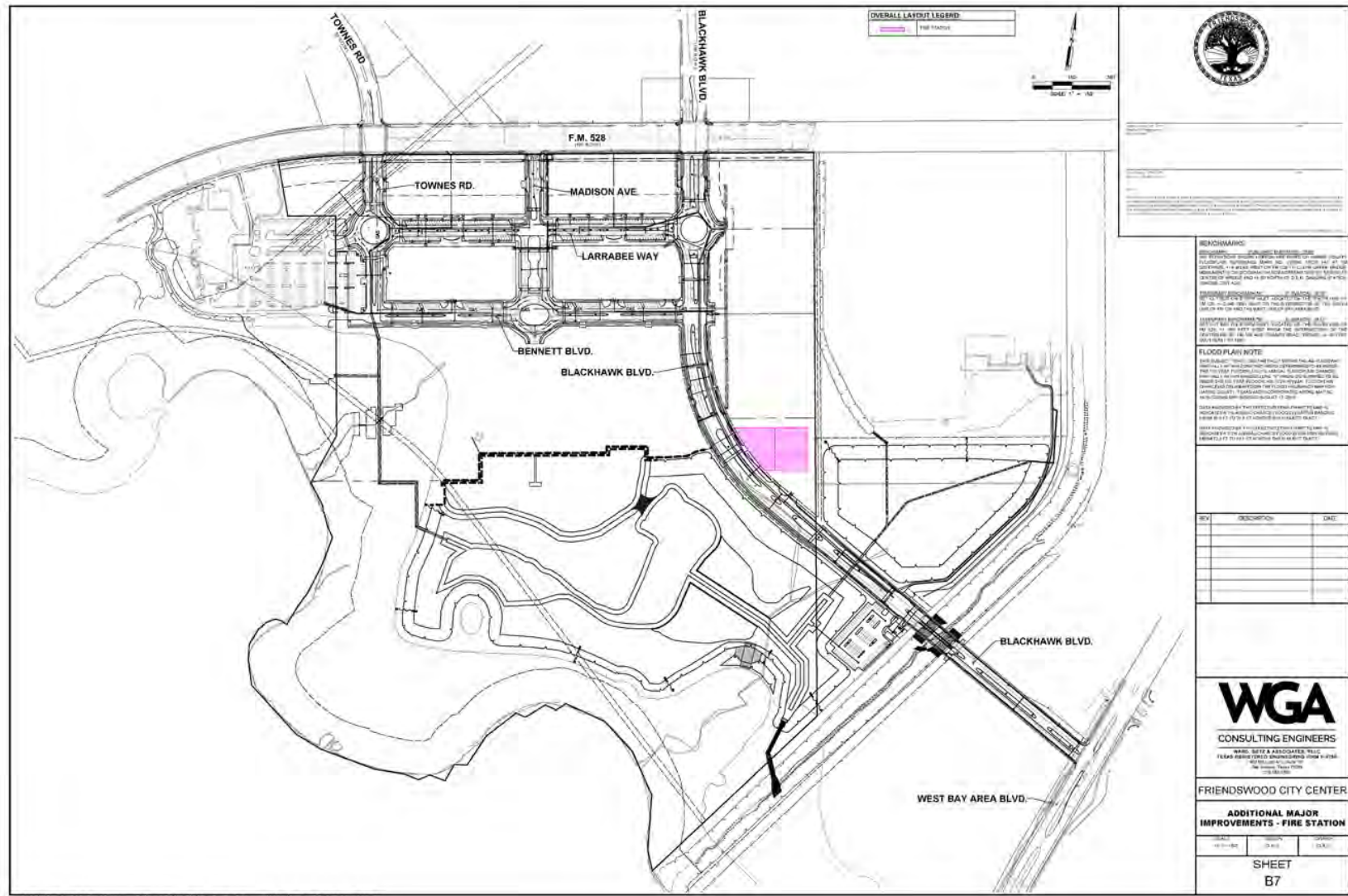














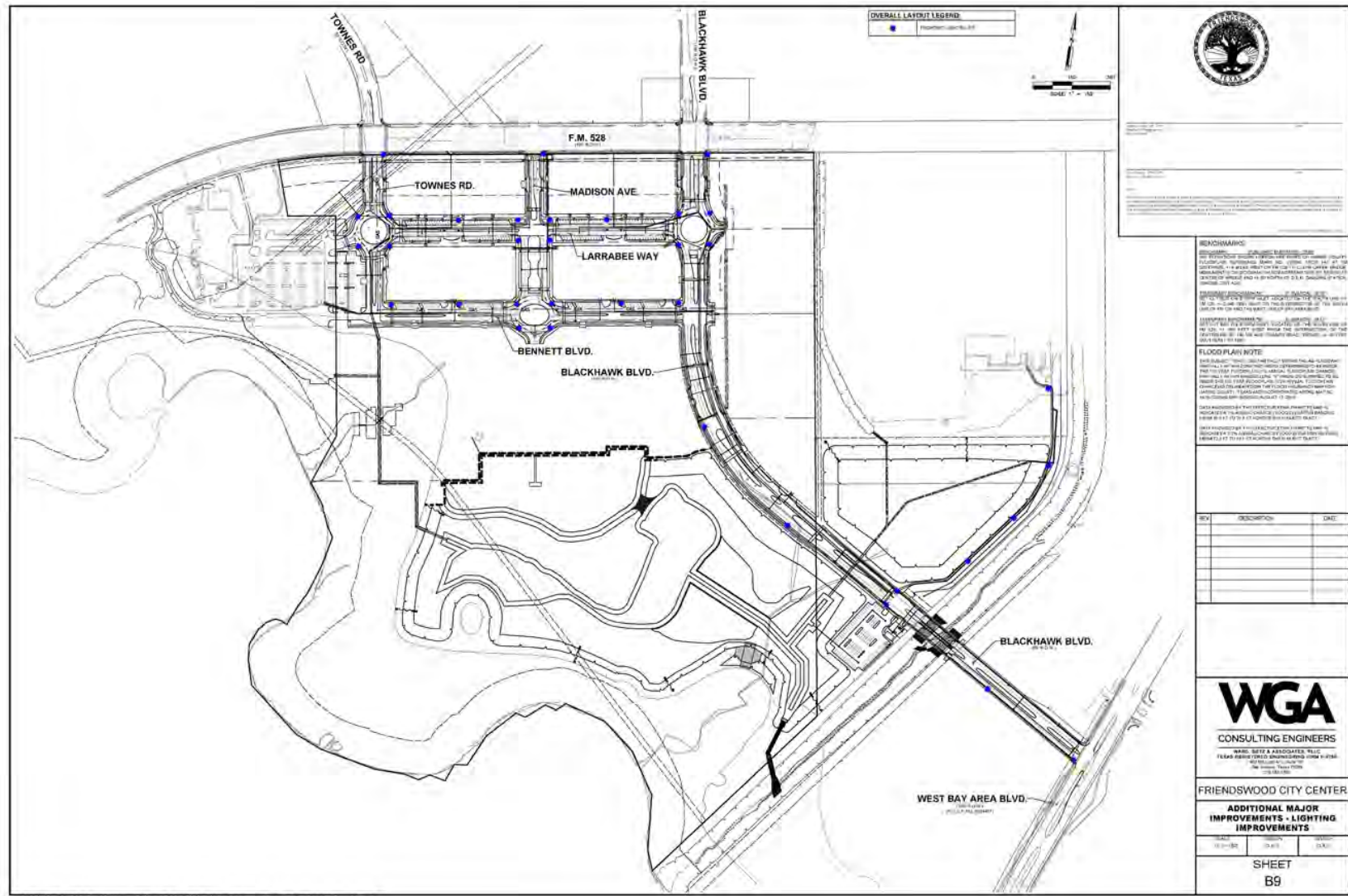


EXHIBIT I – FORM OF NOTICE OF PID ASSESSMENT TERMINATION



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

[Date]
Harris County Clerk's Office
Honorable _____
201 Caroline
Suite 310
Houston, TX 77002

Re: City of Friendswood Lien Release documents for filing

Dear Ms./Mr. _____,

Enclosed is a lien release that the City of Friendswood is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: _____ [Plat]. Please forward copies of the filed documents to my attention:

City of Friendswood
Attn: [City Secretary]
910 S. Friendswood Drive
Friendswood, TX 77546

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
(817) 393-0353
Admin@P3-Works.com
www.P3-Works.com

AFTER RECORDING RETURN TO:

[City Secretary Name]

[City Secretary Address]

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS	§	
	§	NOW ALL MEN BY THESE PRESENTS:
COUNTY OF HARRIS	§	

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

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Friendswood, Texas (hereinafter referred to as the "City"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and of the City; and

WHEREAS, on or about January 8, 2024, the City Council for the City, approved Resolution No. R2024-01, creating Friendswood City Center Public Improvement District; and

WHEREAS, the Friendswood City Center Public Improvement District consists of approximately 106.472 contiguous acres within the corporate limits of the City; and

WHEREAS, on or about, November 4, 2024, the City Council, approved Ordinance No. [xxx-2024], (hereinafter referred to as the "Assessment Ordinance") approving an service and assessment plan and assessment roll for the Property within the Friendswood City Center Public Improvement District; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") for the following property: [legal description], a subdivision in Harris County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Harris County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Harris County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said Lien held by the undersigned securing said indebtedness.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20__.

CITY OF FRIENDSWOOD, TEXAS,
A Texas home rule municipality,

By: _____
[Manager Name], City Manager

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS	§
	§
COUNTY OF HARRIS	§

This instrument was acknowledged before me on the ____ day of _____, 20__, by [City Manager], for the City of Friendswood, Texas, a Texas home rule municipality, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT J – DEBT SERVICE SCHEDULE FOR INITIAL MAJOR IMPROVEMENT BONDS

Preliminary, Subject to Change
For Discussion and Illustrative Purposes Only

City of Friendswood, Texas
Special Assessment Revenue Bonds, Series 2024
(City Center Public Improvement District Initial Major Improvement Area Project)
70% City TRIZ Contribution

Estimated Net Debt Service / Requirements - Initial Major Improvement Area ¹

Maturity	Maximum Annual Installments	Principal	Interest Rate ²	Interest	Debt Service	Capitalized Interest ³	Debt Service Reserve Fund ⁴	Net Debt Service ⁵	Additional Interest ⁶	PID Admin Fee ⁷	Net Initial MIA Annual Requirements ⁸
9/1/2024	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9/1/2025	4,659,929	-	7.000%	2,092,708	2,092,708	2,092,708	-	-	-	-	-
9/1/2026	4,659,929	-	7.000%	2,625,000	2,625,000	2,625,000	-	-	-	45,900	45,900
9/1/2027	4,659,929	438,000	7.000%	2,625,000	3,063,000	-	-	3,063,000	-	46,818	3,109,818
9/1/2028	4,659,929	469,000	7.000%	2,594,340	3,063,340	-	-	3,063,340	-	47,754	3,111,094
9/1/2029	4,659,929	504,000	7.000%	2,561,510	3,065,510	-	-	3,065,510	-	48,709	3,114,219
9/1/2030	4,659,929	540,000	7.000%	2,526,230	3,066,230	-	-	3,066,230	-	49,684	3,115,914
9/1/2031	4,659,929	580,000	7.000%	2,488,430	3,068,430	-	-	3,068,430	-	50,677	3,119,107
9/1/2032	4,659,929	622,000	7.000%	2,447,830	3,069,830	-	-	3,069,830	-	51,691	3,121,521
9/1/2033	4,659,929	668,000	7.000%	2,404,290	3,072,290	-	-	3,072,290	-	52,725	3,125,015
9/1/2034	4,659,929	717,000	7.000%	2,357,530	3,074,530	-	-	3,074,530	-	53,779	3,128,309
9/1/2035	4,659,929	770,000	7.000%	2,307,340	3,077,340	-	-	3,077,340	-	54,855	3,132,195
9/1/2036	4,659,929	827,000	7.000%	2,253,440	3,080,440	-	-	3,080,440	-	55,952	3,136,392
9/1/2037	4,659,929	887,000	7.000%	2,195,550	3,082,550	-	-	3,082,550	-	57,071	3,139,621
9/1/2038	4,659,929	953,000	7.000%	2,133,460	3,086,460	-	-	3,086,460	-	58,212	3,144,672
9/1/2039	4,659,929	1,023,000	7.000%	2,066,750	3,089,750	-	-	3,089,750	-	59,377	3,149,127
9/1/2040	4,659,929	1,099,000	7.000%	1,995,140	3,094,140	-	-	3,094,140	-	60,564	3,154,704
9/1/2041	4,659,929	1,180,000	7.000%	1,918,210	3,098,210	-	-	3,098,210	-	61,775	3,159,985
9/1/2042	4,659,929	1,267,000	7.000%	1,835,610	3,102,610	-	-	3,102,610	-	63,011	3,165,621
9/1/2043	4,659,929	1,361,000	7.000%	1,746,920	3,107,920	-	-	3,107,920	-	64,271	3,172,191
9/1/2044	4,659,929	1,462,000	7.000%	1,651,650	3,113,650	-	-	3,113,650	-	65,557	3,179,207
9/1/2045	4,659,929	1,570,000	7.000%	1,549,310	3,119,310	-	-	3,119,310	-	66,868	3,186,178
9/1/2046	4,659,929	1,686,000	7.000%	1,439,410	3,125,410	-	-	3,125,410	-	68,205	3,193,615
9/1/2047	4,659,929	1,812,000	7.000%	1,321,390	3,133,390	-	-	3,133,390	-	69,569	3,202,959
9/1/2048	4,659,929	1,946,000	7.000%	1,194,550	3,140,550	-	-	3,140,550	-	70,960	3,211,510
9/1/2049	4,659,929	2,091,000	7.000%	1,058,330	3,149,330	-	-	3,149,330	-	72,380	3,221,710
9/1/2050	4,659,929	2,246,000	7.000%	911,960	3,157,960	-	-	3,157,960	-	73,827	3,231,787
9/1/2051	4,659,929	2,413,000	7.000%	754,740	3,167,740	-	-	3,167,740	-	75,304	3,243,044
9/1/2052	4,659,929	2,592,000	7.000%	585,830	3,177,830	-	-	3,177,830	-	76,810	3,254,640
9/1/2053	4,659,929	2,785,000	7.000%	404,390	3,189,390	-	-	3,189,390	-	78,346	3,267,736
9/1/2054	4,659,929	2,992,000	7.000%	209,440	3,201,440	-	3,201,440	-	-	79,913	3,281,353
	\$ 139,797,874	\$ 37,500,000		\$ 54,256,288	\$ 91,756,288	\$ 4,717,708	\$ 3,201,440	\$ 83,837,140	\$ -	\$ 1,780,564	\$ 88,819,144

Notes:

1. Preliminary and subject to change. Subject to approval by the Issuer.
2. Rates are for discussion and illustration purposes only and are preliminary and subject to change.
3. Assumes capitalized interest through September 1, 2026.
4. Sized to 100% of maximum annual debt service.
5. Net of capitalized interest and debt service reserve fund release at maturity.
6. Funded to 2.5% of bond par at closing.
7. Assumes 2.0% annual escalation factor. First year fee is paid at bond closing.
8. Net of capitalized interest but excludes release of debt service reserve fund at maturity.

Prepared by FMSbonds, Inc

3

EXHIBIT K – DISTRICT BOUNDARY DESCRIPTION

Exhibit "A" District Boundaries

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 106.472 acres (4,637,900 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691801, Harris County Map Records (H.C.M.R.); being the residue of a called 135.778 acre tract of land conveyed to Clear Creek Community Church as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. 20150231965; said 106.472 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 09°41'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, at 90.40 feet passing a 5/8-inch iron rod found marking the northeast corner of said Restricted Reserve "A", continuing in all for a total distance of 1,772.42 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of a called 28.9270 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598260; said iron rod for the northeast corner of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line, at 1,289.36 feet passing a 5/8-inch iron rod found marking the westerly common corner of said 28.9270 acre tract and a called 10.0000 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598262, continuing in all for a total distance of 2,190.85 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found on the northwesterly R.O.W. line of a Harris County Flood Control District drainage easement (150 feet wide) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682; said iron rod for the southeast corner of the herein described tract;

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 2 OF 4

THENCE, South 38°20'29" West, along said northwesterly R.O.W. line, a distance of 877.99 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLS, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

North 21°17'29" West, a distance of 80.86 feet to an angle point;
North 04°22'12" West, a distance of 216.80 feet to an angle point;
North 32°41'57" West, a distance of 184.39 feet to an angle point;
North 51°06'03" West, a distance of 159.93 feet to an angle point;
North 74°03'08" West, a distance of 164.71 feet to an angle point;
South 48°02'49" West, a distance of 44.69 feet to an angle point;
North 73°53'13" West, a distance of 47.50 feet to an angle point;
South 49°24'27" West, a distance of 89.87 feet to an angle point;
North 75°14'40" West, a distance of 40.66 feet to an angle point;
South 43°53'50" West, a distance of 146.10 feet to an angle point;
South 25°05'22" West, a distance of 134.50 feet to an angle point;
South 83°33'17" West, a distance of 49.30 feet to an angle point;
South 21°22'27" West, a distance of 73.69 feet to an angle point;
North 77°09'16" West, a distance of 62.96 feet to an angle point;
South 59°48'42" West, a distance of 48.72 feet to an angle point;

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 3 OF 4

North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;
North 27°29'30" East, a distance of 63.48 feet to an angle point;
North 19°02'35" East, a distance of 103.93 feet to an angle point;
North 14°38'12" East, a distance of 53.72 feet to an angle point;
North 13°22'21" West, a distance of 9.00 feet to an angle point;
North 15°04'35" East, a distance of 70.83 feet to an angle point;
North 31°32'46" West, a distance of 52.49 feet to an angle point;

Exhibit "A." Page 3

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METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 4 OF 4

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 106.472 acres (4,637,900 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.L.S Firm No. 10084800
150 W. Shadowbend, Suite 304
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
October 20, 2022

Exhibit "A," Page 4

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APPENDIX A – ENGINEER’S REPORT

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FRIENDSWOOD CITY CENTER

PUBLIC IMPROVEMENTS DISTRICT (PID)

ENGINEERING REPORT



Ward, Getz and Associates, PLLC

1020 NE Loop 410, Suite 800
San Antonio, TX 78209
(210) 585-3700

WGA Project # 70455-016

September 24, 2024



Friendswood City Center

Public Improvements District (PID) Engineering Report

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1. Introduction	1
2. Development Improvements.....	1
3. Development Improvement Descriptions.....	1
4. Development Costs	3
4. Development and Construction Schedule.....	3

Exhibit – E1 Overall P.I.D. Boundary

Appendix A – Initial Major Improvements

Engineer's Opinion of Probable Construction Cost

- A1 – Initial Major Improvements – Phase 1 Storm Drain and Detention Improvements
- A2 – Initial Major Improvements – Larrabee Way & Phase 1 Roadway Improvements
- A3 – Initial Major Improvements – Phase 1 Sidewalk Improvements
- A4 – Initial Major Improvements – Phase 1 FM 528 Intersection Improvements
- A5 – Initial Major Improvements – Sheet Piling Plan and Retaining Wall Improvements

Appendix B– Additional Major Improvements

Engineer's Opinion of Probable Construction Cost

- B1 – Additional Major Improvements – Phase 2 Storm Drain and Detention Improvements
- B2 – Additional Major Improvements – Phase 2 Roadway Improvements
- B3 – Additional Major Improvements – Phase 2 Sidewalk Improvements
- B4 – Additional Major Improvements – Phase 2 Intersection Improvements
- B5 – Additional Major Improvements – Water System
- B6 – Additional Major Improvements – Wastewater System
- B7 – Additional Major Improvements – Fire Station
- B8 – Additional Major Improvements – Park Improvements
- B9 – Additional Major Improvements – Lighting Improvements

Friendswood City Center

Public Improvements District (PID) Engineering Report

1. Introduction

The Friendswood City Center Development proposes that a Public Improvement District (PID) be created to facilitate the development of 124.6 Acres of land along E. F.M. 528 at its intersection of Blackhawk Blvd. in the Harris County portion of Friendswood, TX. The site is within Harris County, adjacent to Clear Creek which is the boundary between Harris and Galveston Counties.

The development will include multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Blvd. to W. Bay Area Blvd., and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties. This report includes supporting documentation related to the formation of a Public Improvements District (PID).

2. Development Improvements

Development improvements have been defined as **Initial Major Improvements** and **Additional Major Improvements**.

The **Initial Major Improvements** are depicted in **Appendix A**, and the **Additional Major Improvements** are depicted in **Appendix B**, of this report.

Development improvements will be designed and constructed in accordance with City of Friendswood Standards and Specifications and will be owned and operated by the City of Friendswood unless otherwise indicated. Development Improvements are depicted below.

3. Development Improvement Descriptions

3.1 Initial Major Improvements - Detention, Roadway, & Storm Drain

Detention & Storm Drain Initial Major Improvements will include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide drainage service to Improvements for Friendswood City Center. Included are two permanent flood control detention ponds, called Detention Pond 1 and Detention Pond 2 respectively, clearing, excavation, piping for inbound and outbound drainage lines and outlet structures for both Detention Pond 1 and Detention Pond 2. Detention Pond 1 Excavation Fill on-site is calculated to be approximately 268,371 CY, Detention Pond 1 Excavation Fill Off-Site is approximately 336,062 CY, and Detention Pond 2 Excavation Fill Off-Site is approximately 105,952 CY. Detention Pond clearing, excavation, and all necessary appurtenances required for the construction of the detention ponds. The two detention ponds are being constructed to account for additional storage capacity for the benefit of the public. Storm improvements are shown below in Appendix 3 and are labeled accordingly as Phase I of the Overall Storm Improvements in the **Initial Major Improvements** Cost Estimate included in Appendix "A". Phase 1 of the Storm Improvements include 314 LF of 12" RCP, 409 LF of 15" RCP, 3,675 LF of 24" RCP, 984 LF of 30" RCP, 1,354 LF of 36" RCP, 485 LF of 42" RCP, 555 LF total of 48" pipe material, 461 LF of 60" RCP, 691 LF of 72" RCP, 1,085 LF of 84" RCP, as well as 773 LF of 6'x6' Reinforced Concrete Precast Boxes.

Initial Major Roadway Improvement items include construction of Phase 1 of an extension of Blackhawk Blvd from F.M. 528 to Larrabee Way which is calculated to be approximately 3,512 SY of roadway construction. Construction of Other Roadway Improvements included in Initial Roadway Improvements, Madison Ave., Townes Rd, and Larrabee Way, are calculated to be approximately 18,094 SY of Roadway Improvement. Initial Major Roadway Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, and construction testing. Proposed sidewalk improvements for the benefit of walkability within the site as well as better access from FM 528 for pedestrian traffic. These sidewalk improvements consist of 3,621 SY of sidewalk considered Phase 1 of the overall sidewalk improvements for the project.

Initial Major Signalization improvements at FM 528 & Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications; as well as adding a southbound left turn lane on Townes Rd. to balance the new (widening) approach to FM 528 northbound from the new development. Initial Major Signalization improvements at FM 528 and Blackhawk Blvd. will include upgrading the existing traffic signal to full operation to current Texas Department of Transportation specifications with the new south leg of the intersection as well as adding a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to FM 528 for access management purposes.

Costs related to designing, constructing, installing, and financing the Initial Major Improvements of Friendswood City Center are outlined in the "Initial Major Improvements – Engineer's Opinion of Probable Costs" contained in Appendix "A" of this report. These costs include land planning, engineering design (*consultant fees*), City fees, soil testing, survey, construction management, legal fees, contingency, inspection fees, district formation costs, and other PID costs. These costs will be initially incurred by the Developer. The City of Friendswood, TX will reimburse the developer per a Tax Reimbursement Investment Zone (TIRZ) Agreement prepared separately.

3.2 Additional Major Improvements

Additional Major Water Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide improvements to Friendswood City Center. There will be 12" water lines constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a 12" water line along Townes Rd. Bennert Blvd. and Larrabee Way will have an 8" water line running across connecting the 12" water lines on Townes Rd. and Blackhawk Blvd.

Additional Major Wastewater Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, and testing among others constructed to the City of Friendswood standards required to provide wastewater service to improvements to Friendswood City Center. Construction will consist of an 8" wastewater lines along Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from an 8" wastewater line to a 12" wastewater line tying into a proposed Sanitary Lift Station south of the site on Blackhawk Blvd. The approximate total amount of wastewater line material will include 1,705 LF of 12" PVC total, and 1,859 LF of 8" PVC total.

A proposed Sanitary Lift Station is slated to cost an estimated \$1,331,000 and will tie into the manhole on West Bay Area Blvd. An existing 8" Sanitary Sewer Line and Sanitary Lift Station that currently service Clear Creek Community Church will be abandoned and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center Sanitary Sewer system near the Blackhawk Blvd and F.M. 528 connection.

Additional Major Signalization Improvements at West Bay Area Blvd. will include a left turn lane addition at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd for access management purposes.

Additional Major Storm Improvements are tabulated in the "Additional Major Improvements Cost Estimate" found in Appendix "B" of this report. These improvements include trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide drainage service to Improvements for Friendswood City Center.

For Additional Major Landscaping, Parks and Amenities Major Improvements see attached Memorandum provided by Diamond Development Group (Titled "Landscape, Parks, and Amenities Friendswood City Center").

Additional Major Improvements will include the construction of an estimated \$8,000,000 fire station for use by the City of Friendswood for the benefit of the public. This fire station will be constructed off Phase 2 of the Blackhawk Blvd. expansion.

Costs related to designing, constructing, installing, and financing the Additional Major Improvements of Friendswood City Center are outlined in the "Additional Major Improvements – Engineer's Opinion of Probable Costs" contained in Appendix "B" of this report. These costs include land planning, engineering design (*/consultant fees*), City fees, soil testing, survey, construction management, legal fees, contingency, inspection fees, district formation costs, and other PID costs. These costs will be initially incurred by the Developer. The City of Friendswood, TX will reimburse the developer per a Tax Reimbursement Investment Zone (TIRZ) Agreement prepared separately

3.3 Public Benefit

The development will provide several benefits to the public including (but not limited to) the construction of multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Blvd. to W. Bay Area Blvd., an extensive park and trail system, pedestrian friendly streets, and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties.

4. Development Costs

An Engineers' Opinion of Probable Cost (OPC) has been prepared for both the **Initial Major improvements** and **Additional Major Improvements** described above and are included as the **Initial Major Improvements Engineer's Opinion of Probable Cost** in **Appendix A** and **Additional Major Improvements Engineer's Opinion of Probable Cost** in **Appendix B**, respectively. The Opinion of Probable Costs are based on contractor pricing, Diamond Development Group's expertise in Landscaping, Parks and amenities, and WGA's reasonable professional judgement and experience and does not constitute a warranty, expressed or implied. Actual costs may vary.

5. Development and Construction Schedule

5.1 Design Stage

The overall site has been designed and the preliminary plat has been approved by the City of Friendswood and City Council. The civil plans are currently under review by the City of Friendswood. The project has received Drainage Approval from Harris County Flood Control District. A final plat has been completed and is currently under review by the City of Friendswood. The city has sufficient sewer and water capacity for the entire project. Contracts have been entered on all reserves on-site.

5.2 Construction Stage

- Initial Major Improvements – Begin Construction: Quarter 2 of 2024; End Construction: Quarter 3 of 2025
- Additional Major Improvements – Begin Construction: Quarter 2 of 2025; End Construction: Quarter 2 of 2026

Thank you for your review of this letter. Should you have any questions or wish to discuss this submittal in detail, please contact me at 210.585.3700 or drasmuson@wga-llp.com.

Sincerely,



Dean W. Rasmuson, PE
Senior Engineering Advisor



1020 NE Loop 410, Ste. 800 | San Antonio, TX 78209
O: 210-586-3700 D: 210-455-1320

APPENDIX A

Initial Major Improvements



FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

CONSTRUCTION COST SUMMARY

UNIT A: POLLUTION PREVENTION AND MISCELLANEOUS *UNIT A NOT INCLUDED IN CONSTRUCTION CONTINGENCY*	\$	102,790
UNIT B: SITE PREPARATION	\$	237,253
UNIT C: CLEARING, GRUBBING, & DEMOLITION	\$	3,226,763
UNIT D: EARTHWORK, PAVING & GRADING	\$	9,734,600
UNIT E: FM 528 TRAFFIC IMPROVEMENTS	\$	1,200,000
UNIT F: DETENTION	\$	8,886,907
UNIT G: STORM DRAINAGE SYSTEM	\$	5,144,261
CONSTRUCTION CONTINGENCIES (13%)	\$	3,695,872
UNIT H: PROFESSIONAL FEES	\$	1,611,721
TOTAL ESTIMATED CONSTRUCTION COST INITIAL MAJOR IMPROVEMENTS	\$	33,840,166

Note: Consultant Engineering Design and other Fees are included in the
"Additional Major Improvements" Cost Estimate found in Report
Appendix "B"

Submitted by:

Dean W. Rasmuson, PE
Sr. Engineering Advisor
F-9756

Notes: 1. All values rounded up to the nearest dollar amount. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT A: POLLUTION PREVENTION AND MISCELLANEOUS					
1.	Reinforced Filter Fabric Fence	LF	15,000	\$ 1.85	\$ 24,750
2.	Submit N.O.I.s & N.O.T.s, Review PPP, and posting of materials on job site.	LS	1	\$ 3,000.00	\$ 3,000
3.	Maintain and Repair RFFF	MO	12	\$ 3,000.00	\$ 36,000
4.	PPP Inspection and Reporting	MO	12	\$ 1,000.00	\$ 12,000
5.	Street Cleaning	HR	200	\$ 65.00	\$ 13,000
6.	Stabilized Construction Exit	EA	2	\$ 3,000.00	\$ 6,000
7.	Type II Filter Dam	EA	2	\$ 2,000.00	\$ 4,000
8.	Inlet Protection, Stage One	EA	19	\$ 80.00	\$ 1,520
9.	Inlet Protection, Stage Two	EA	42	\$ 60.00	\$ 2,520
UNIT A SUB-TOTAL BID					\$ 102,790

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT B: SITE PREPARATION					
1.	Mobilization	LS	1.00	\$ 202,252.85	\$ 202,253
2.	Construction Staking	LS	1.00	\$ 35,000.00	\$ 35,000
UNIT B SUB-TOTAL BID					\$ 237,253

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-018
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT C: CLEARING, GRUBBING, & DEMOLITION					
1.	Light Clearing - Chip and Haul' (including but not limited to removal of trees stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	22.81	\$ 23,207.13	\$ 529,355
2.	Heavy Clearing - Chip and Haul' (including but not limited to removal of tree stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	71.23	\$ 35,885.58	\$ 2,554,704
3.	3" Force Main Removal and Disposal, Complete in place	LF	2,778.18	\$ 25.00	\$ 69,455
4.	12" Waterline Removal and Disposal, Complete in place	LF	2,930.00	\$ 25.00	\$ 73,250
UNIT C SUB-TOTAL BID					\$ 3,226,763

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT D: EARTHWORK, PAVING & GRADING					
1.	Detention Pond 1 Excavation - Fill and Compaction Onsite, complete in place	CY	266,346.26	\$ 7.40	\$ 1,985,762
2a.	Flood - Detention Pond 1 Excavation - Fill Offsite, Complete in Place	CY	207,328.46	\$ 17.00	\$ 3,524,584
2b.	PID - Detention Pond 1 Excavation - Fill Offsite, Complete in Place	CY	128,733.54	\$ 17.00	\$ 2,188,470
3.	Utility Spills - Fill Offsite, Complete in place	CY	11,450	\$ 17.00	\$ 194,650
4.	Blackhawk Blvd Phase 1 - 7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	3,512	\$ 65.00	\$ 228,280
5.	Larrabee Way - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	12,275	\$ 63.00	\$ 773,333
6.	Madison Ave Phase 1 - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	1,543	\$ 60.00	\$ 92,603
7.	Townes Road Phase 1 - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	4,276	\$ 60.00	\$ 256,569
8.	6" Reinforced Concrete Curb, Complete in place	LF	7,802	\$ 4.20	\$ 32,768
9.	Blackhawk Blvd Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	3,512	\$ 3.60	\$ 12,643
10.	Larrabee Way Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	12,275	\$ 3.60	\$ 44,190
11.	Madison Ave Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	1,543	\$ 3.60	\$ 5,556
12.	Townes Road Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	4,276	\$ 3.60	\$ 15,395
13.	Phase 1 - 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	3,621	\$ 40.00	\$ 144,840
14.	Phase 1 - 2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	3,621	\$ 2.00	\$ 7,242
15.	Phase 1 - Traffic/Street Name Sign, Complete in Place	EA	10	\$ 3,000.00	\$ 30,000
16.	Phase 1 - Striping, Complete in Place	LS	3,350	\$ 1.55	\$ 5,193
17.	Phase 1 - Wheelchair Ramps	EA	35	\$ 5,500.00	\$ 192,500
UNIT D SUB-TOTAL BID					\$ 9,734,600

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT E: FM 528 TRAFFIC IMPROVEMENTS					
1.	Blackhawk Intersection Signalization Improvements, Complete in place	LS	1	\$ 600,000.00	\$ 600,000
2.	Townes Road Intersection Signalization Improvements, Complete in place	LS	1	\$ 400,000.00	\$ 400,000
3.	Left Turn Lane Southbound at Townes Rd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
4.	Left Turn Lane Southbound at Blackhawk Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
UNIT E SUB-TOTAL BID					\$ 1,200,000

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT F: DETENTION					
1.	Detention Pond 1 - Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCD Standards), Complete in Place	EA	6	\$ 14,500.00	\$ 87,000
2.	Detention Pond 1 - Backslope Swale, Complete in Place	LF	2,850	\$ 5.50	\$ 15,675
3.	Detention Pond 1 - Stabilization Utilizing Flexterra High Performance Flexible Growth Medium (HP-F w/ 1 inch within the first 6 Weeks. All Seeds to Have 95% Germination or Higher	AC	15	\$ 3,500.00	\$ 52,500
4.	Sheet Piling (20 Tall from Top of Bank to Bottom of Pond), Complete in Place	LF	1,400	\$ 3,000.00	\$ 4,200,000
5.	Dewatering	LS	1	\$500,000.00	\$ 500,000
6.	Reinforced Concrete Slope Paving (5" thick per HCFCD Standards), Complete in Place	SY	1,780	\$ 100.00	\$ 178,000
7.	Riprap - Gradation No. 1 (18" thick per HCFCD Standards), Complete in Place	SY	927	\$ 65.00	\$ 60,255
8.	Floatable Collection Screen Structure (Per HCFCD Standards), Complete in Place	LS	1	\$ 75,000.00	\$ 75,000
9.	4' Retaining Wall Cast in Place, Complete in Place	LF	2,800	\$ 500.00	\$ 1,400,000
10.	8' Retaining Wall Cast in Place, Complete in Place	LF	300	\$ 1,000.00	\$ 300,000
11.	PID - Detention Pond 2 Excavation - Fill Offsite, Complete in place	CY	39,928	\$ 18.50	\$ 738,669
12.	PID - Detention Pond 2 Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCD Standards), Complete in Place	EA	2	\$ 14,500.00	\$ 29,000
13.	PID - Detention Pond 2 Backslope Swale, Complete in Place	LF	1,150	\$ 5.50	\$ 6,325
14.	PID - Detention Pond 2 Stabilization Utilizing Standard Hydromulch w/ 1 inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	6	\$ 3,000.00	\$ 17,040
15.	Public Benefit - Detention Pond 2 Excavation - Fill Offsite, Complete in place	CY	66,024	\$ 18.50	\$ 1,221,453
16.	Public Benefit - Stabilization Utilizing Standard Hydromulch w/ 1 inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	2	\$ 3,000.00	\$ 6,000
UNIT F SUB-TOTAL BID					\$ 8,886,907

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

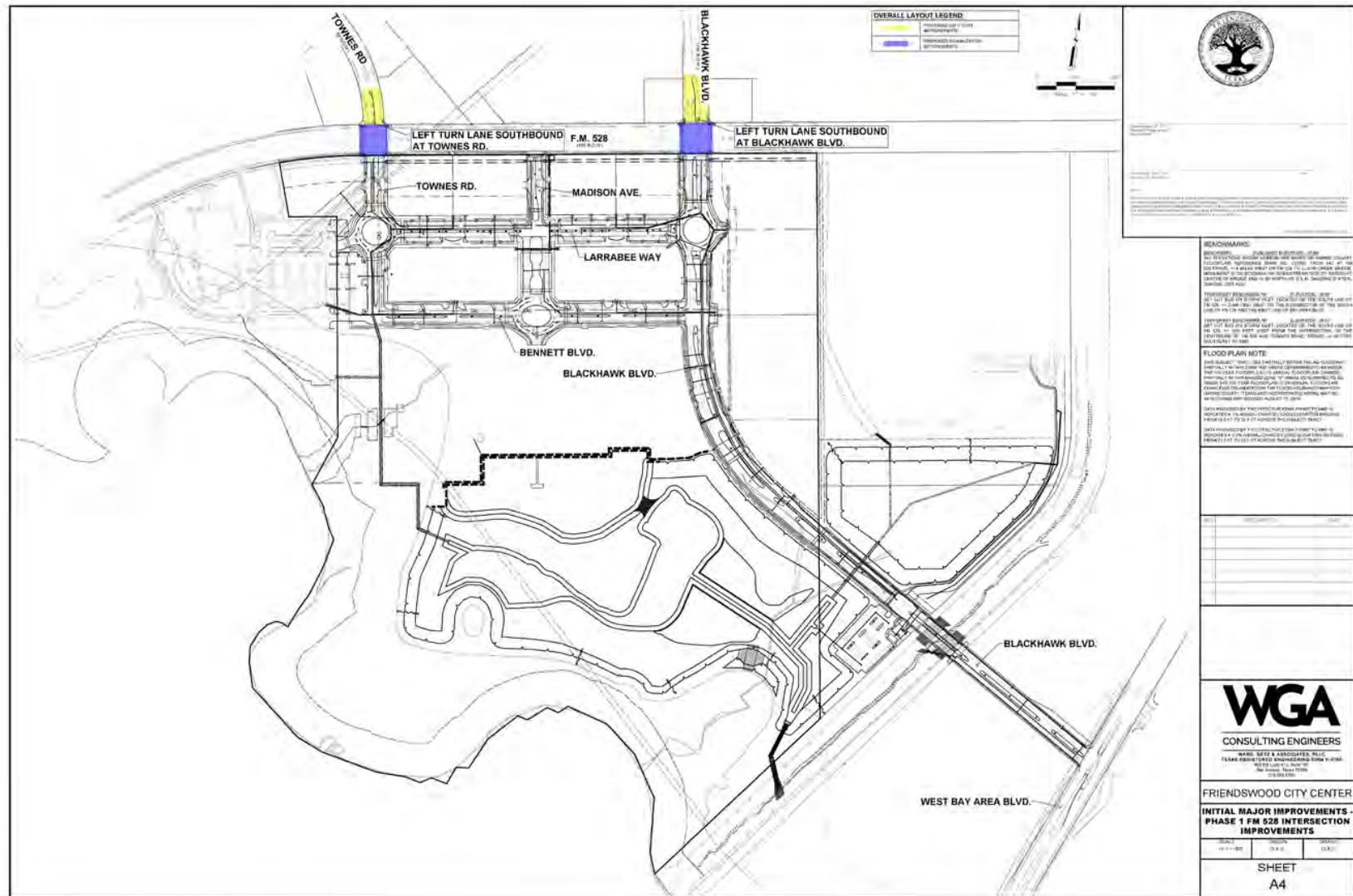
ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT G: STORM DRAINAGE SYSTEM					
1.	Phase 1 - 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	314	\$ 57.50	\$ 18,055
2.	Phase 1 - 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	409	\$ 86.25	\$ 35,276
3.	Phase 1 - 24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	3,675	\$ 115.00	\$ 422,625
4.	Phase 1 - 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	994	\$ 145.00	\$ 142,680
5.	Phase 1 - 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,354	\$ 200.00	\$ 270,800
6.	Phase 1 - 42" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	485	\$ 285.00	\$ 138,225
7.	Phase 1 - 48" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	325	\$ 320.00	\$ 104,000
8.	Phase 1 - 48" CMP (All Cuts), Complete in Place	LF	230	\$ 320.00	\$ 73,600
9.	Phase 1 - 60" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	461	\$ 500.00	\$ 230,500
10.	Phase 1 - 72" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	891	\$ 730.00	\$ 604,430
11.	Phase 1 - 84" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,085	\$ 1,100.00	\$ 1,193,500
12.	Phase 1 - 6'x6' Reinforced Concrete Box, C1433 (All Cuts), Complete in Place	LF	773	\$ 1,250.00	\$ 966,250
13.	Phase 1 - Trench Dewatering	LF	5,035	\$ 35.00	\$ 176,225
14.	Phase 1 - Type "A" Inlet, Complete in Place	EA	13	\$ 5,500.00	\$ 71,500
15.	Phase 1 - Type "B-B" Inlet, Complete in Place	EA	38	\$ 4,500.00	\$ 171,000
16.	Phase 1 - Type "C" Manhole (42" and smaller), Complete in Place	EA	48	\$ 4,500.00	\$ 216,000
17.	Phase 1 - Type "C" Manhole (42" and smaller) w/ Ty-"A" Inlet, Complete in Place	EA	7	\$ 7,500.00	\$ 52,500
18.	Phase 1 - Type "C" Manhole (48"-72"), Complete in Place	EA	13	\$ 8,000.00	\$ 117,000
19.	Phase 1 - Type "C" Manhole (84" and Larger), Complete in Place	EA	15	\$ 15,000.00	\$ 225,000
20.	Phase 1 - OSHA Trench Safety System	LF	10,063	\$ 1.50	\$ 15,095
UNIT G SUB-TOTAL BID					\$ 5,144,261

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

<u>UNIT H: PROFESSIONAL FEES</u>	Amount
<u>Drainage and Flood Mitigation</u>	
Geotechnical Investigation to date (Riner Engineering)	\$ 26,291
Project Coordination (Tannos Development)	\$ 25,988
Schematic, design, development documents (DDG)	\$ 212,625
Civil Engineering (WGA)	\$ 1,034,600
Security Fencing (American Fence)	\$ 9,983
Land clear to install security fence (All-Tex)	\$ 6,000
Staking for security fence placement (Boundary One)	\$ 1,850
Overhead (12%)	\$ 158,080
Miscellaneous Costs	\$ 136,305
DRAINAGE AND FLOOD FEES ITEMS SUB-TOTAL	\$ 1,611,721
 TOTAL UNIT H: PROFESSIONAL FEES	 \$ 1,611,721

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.



APPENDIX B

Additional Major Improvements



FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT

ADDITIONAL MAJOR IMPROVEMENTS

ENGINEER'S OPINION OF PROBABLE COST

PROJECT NO. 70455-016

9/24/2024

CONSTRUCTION COST SUMMARY

UNIT I: EARTHWORK, PAVING & GRADING	\$	3,400,250
UNIT J: WATER DISTRIBUTION SYSTEM	\$	1,007,036
UNIT K: STORM DRAINAGE SYSTEM	\$	179,101
UNIT L: SANITARY SEWER SYSTEM	\$	862,879
UNIT M: SANITARY LIFT STATION	\$	1,330,700
UNIT N: MISCELLANEOUS - LANDSCAPING	\$	5,597,472
UNIT O: MISCELLANEOUS - CIVIL	\$	3,063,184
UNIT P: FIRE STATION	\$	1,032,520
'ADDITIONAL COST CHARGE TO TIRZ'	\$	
CONSTRUCTION CONTINGENCIES (13%)	\$	2,141,508
UNIT Q: PROFESSIONAL FEES	\$	2,981,848

**TOTAL ESTIMATED CONSTRUCTION COSTS
ADDITIONAL MAJOR IMPROVEMENTS**

\$ 21,596,499

Submitted by:

Dean W. Rasmuson, PE
Sr. Engineering Advisor
F-9756

Notes: 1. All values rounded up to the nearest dollar amount. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT I: EARTHWORK, PAVING & GRADING					
1.	Blackhawk Blvd Phase II - 7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	17,711	\$ 70.00	\$ 1,239,770
2.	Madison Ave Phase II - 6" 4,000 PSI Reinforced Concrete Pavement, complete in place.	SY	3,114	\$ 65.00	\$ 202,442
3.	Townes Road Phase II - 6" 4,000 PSI Reinforced Concrete Pavement, complete in place.	SY	4,723	\$ 65.00	\$ 306,990
4.	Bennett Blvd Phase II - 6" 4,000 PSI Reinforced Concrete Pavement complete in place.	SY	11,728	\$ 65.00	\$ 762,310
5.	6" Reinforced Concrete Curb, Complete in place	LF	24,263	\$ 4.20	\$ 101,905
6.	Blackhawk Blvd Phase II - 8" Stabilized Subgrade, complete in place	SY	17,711	\$ 3.60	\$ 63,760
7.	Madison Ave Phase II - 8" Stabilized Subgrade, complete in place.	SY	3,114	\$ 3.60	\$ 11,212
8.	Townes Road Phase II - 8" Stabilized Subgrade, complete in place.	SY	4,723	\$ 3.60	\$ 17,003
9.	Bennett Blvd Phase II - 8" Stabilized Subgrade, complete in place.	SY	11,728	\$ 3.60	\$ 42,220
10.	Phase II - 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	7,463	\$ 40.00	\$ 298,520
11.	Phase II - 2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	7,463	\$ 2.00	\$ 14,926
12.	Phase II - Traffic/Street Name Sign, Complete in Place	EA	27	\$ 3,000.00	\$ 81,000
13.	Phase II - Striping, Complete in Place	LS	3,350	\$ 1.55	\$ 5,193
14.	Phase II - Wheelchair Ramps	EA	46	\$ 5,500.00	\$ 253,000
UNIT I SUB-TOTAL BID					\$ 3,400,250

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT J: WATER DISTRIBUTION SYSTEM					
1.	12" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	4,851	\$ 80.00	\$ 388,880
2.	10" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	162	\$ 55.00	\$ 8,910
3.	8" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	1,748	\$ 50.00	\$ 87,400
4.	1.5" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	87	\$ 30.00	\$ 2,610
5.	12" Jack and Bore, Complete in Place	LF	55	\$ 175.00	\$ 9,625
6.	12" Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000
7.	12" Wef Connection, Complete in Place	EA	3	\$ 2,400.00	\$ 7,200
8.	1.5" Plug and Clamp, Complete in Place	EA	1	\$ 200.00	\$ 200
9.	1.5" Meter, Complete in Place	EA	1	\$ 5,000.00	\$ 5,000
10.	1.5" Double Check Backflow Preventor, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500
11.	Fire Hydrant incl. Valve and Tee, Complete in Place	EA	14	\$ 7,500.00	\$ 105,000
12.	12" Gate Valve & Box, Complete in Place	EA	18	\$ 3,700.00	\$ 66,600
13.	10" Gate Valve & Box, Complete in Place	EA	6	\$ 3,000.00	\$ 18,000
14.	10" Plug and Clamp, Complete in Place	EA	2	\$ 1,200.00	\$ 2,400
15.	8" Gate Valve & Box, Complete in Place	EA	16	\$ 2,100.00	\$ 33,600
16.	8" Plug and Clamp, Complete in Place	EA	8	\$ 1,000.00	\$ 8,000
17.	1.5" Gate Valve & Box, Complete in Place	EA	1	\$ 572.00	\$ 572
18.	OSHA Trench Safety System	LF	7,026	\$ 1.50	\$ 10,539
UNIT J SUB-TOTAL BID					\$ 1,007,036

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT K: STORM DRAINAGE SYSTEM					
1.	Phase II - 24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	709	\$ 115.00	\$ 81,535
2.	Phase II - 48" CMP (All Cuts), Complete in Place	LF	125	\$ 320.00	\$ 40,000
3.	Phase II - Trench Dewatering	LF	709	\$ 35.00	\$ 24,815
4.	Phase II - Type "B-B" Inlet, Complete in Place	EA	4	\$ 4,500.00	\$ 18,000
5.	Phase II - Type "C" Manhole (42" and smaller), Complete in Place	EA	3	\$ 4,500.00	\$ 13,600
6.	Phase II - OSHA Trench Safety System	LF	834	\$ 1.50	\$ 1,251
UNIT K SUB-TOTAL BID					\$ 179,101

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
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 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT L: SANITARY SEWER SYSTEM					
1.	12" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,122	\$ 85.00	\$ 95,370
2.	12" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	583	\$ 100.00	\$ 58,300
3.	8" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,256	\$ 50.00	\$ 62,800
4.	8" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	603	\$ 65.00	\$ 39,195
5.	Precast Concrete Manhole, Complete in Place	EA	22	\$ 6,000.00	\$ 132,000
6.	Extra Depth for Standard MH 8' - 12' Depth	VF	10	\$ 275.00	\$ 2,750
7.	Extra Depth for Standard MH Over 12' Depth	VF	57	\$ 300.00	\$ 17,100
8.	8" Sanitary Sewer Plug, Complete in Place	EA	25	\$ 1,000.00	\$ 25,000
9.	Trench Dewatering	LF	3,564	\$ 35.00	\$ 124,740
10.	6" Force Main, Complete in Place	LF	935	\$ 45.00	\$ 42,075
11.	8" Force Main Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000
12.	Air Release Valve for 6", Complete in Place	EA	1	\$ 4,000.00	\$ 4,000
13.	6" Force Main Tie Into Existing MH, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500
14.	OSHA Trench Safety System	LF	4,699	\$ 1.50	\$ 7,049
UNIT L SUB-TOTAL BID					\$ 862,879

Notes: 1. All values rounded up to the nearest hundred 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT M: SANITARY LIFT STATION					
1.	Lift Station, Complete in Place	LS	1	\$ 1,250,000.00	\$ 1,250,000
2.	6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	370	\$ 60.00	\$ 22,200
3.	12' Wide 6' Chain Link Gate w/ 2' ft of barbed wire, Complete in place	EA	1	\$ 5,000.00	\$ 5,000
4.	6' Chain Link Fence w/ 2' ft of barbed wire, Complete in place	LF	214	\$ 250.00	\$ 53,500
UNIT M SUB-TOTAL BID					\$1,330,700

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT N: MISCELLANEOUS - LANDSCAPING					
1/	Bath House *	SF	650	\$ 435.00	\$ 282,750
2.	Site Utilities ROW *	EA	16	\$ 850.00	\$ 13,600
3.	Benches/ Admen *	EA	45	\$ 1,650.00	\$ 74,250
4.	Landscape ROW *	EA	1	\$ 2,450,000.00	\$ 2,450,000
5.	Pavers *	SF	35,800	\$ 15.00	\$ 534,000
6.	Decomposed Granite *	CF	80,903	\$ 5.88	\$ 475,707
7.	Concrete Edge Band *	CF	32,361	\$ 8.52	\$ 275,716
8.	Limestone Benches *	LF	56	\$ 1,200.00	\$ 67,200
9.	Landscape *	EA	12,000	\$ 50.00	\$ 600,000
10.	Street Lights w/ foundation, Complete in Place	EA	30	\$ 20,000.00	\$ 600,000
11.	Solar Lighting *	EA	65	\$ 3,450.00	\$ 224,250
UNIT N SUB-TOTAL BID					\$ 5,597,472

* LANDSCAPING, PARK, AND AMMENITY ESTIMATES ON THIS ENGINEER'S
 OPINION OF PROBABLE COST WERE PROVIDED BY DIAMOND
 DEVELOPMENT GROUP.

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT O: MISCELLANEOUS - CIVIL					
1.	Left Turn Lane NorthEastbound at Bay Area Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
2.	Bridge Westbound (2 lanes) on Blackhawk from Station 27+42.67 to 25+70. Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000
3.	Bridge Eastbound (2 lanes) on Blackhawk from Station 25+72.33 to 27+37.33. Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000
4.	CCISD Road 6" 3,500 PSI Reinforced Concrete Pavement, Complete in place	SY	3,950	\$ 55.00	\$ 217,250
5.	CCISD Road 6" Reinforced Concrete Curb, Complete in place	LF	2,269	\$ 4.20	\$ 9,530
6.	CCISD Road 8" Stabilized Subgrade, Complete in place	SY	4,215	\$ 3.60	\$ 15,174
7.	CCISD Road 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk) Complete in place	SY	244	\$ 40.00	\$ 9,760
8.	CCISD Road 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	321	\$ 80.00	\$ 25,680
9.	CCISD Road 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	416	\$ 100.00	\$ 41,600
10.	CCISD Road 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	222	\$ 145.00	\$ 32,190
11.	CCISD Road 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	85	\$ 200.00	\$ 17,000
12.	CCISD Road Type "C" Manhole (42" and smaller) w/ Ty."A" Inlet, Complete in Place	EA	6	\$ 7,500.00	\$ 45,000
13.	CCISD Road Street Lights w/ foundation, Complete in Place	EA	5	\$ 20,000.00	\$ 100,000
UNIT O SUB-TOTAL, BID					\$ 3,063,184

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

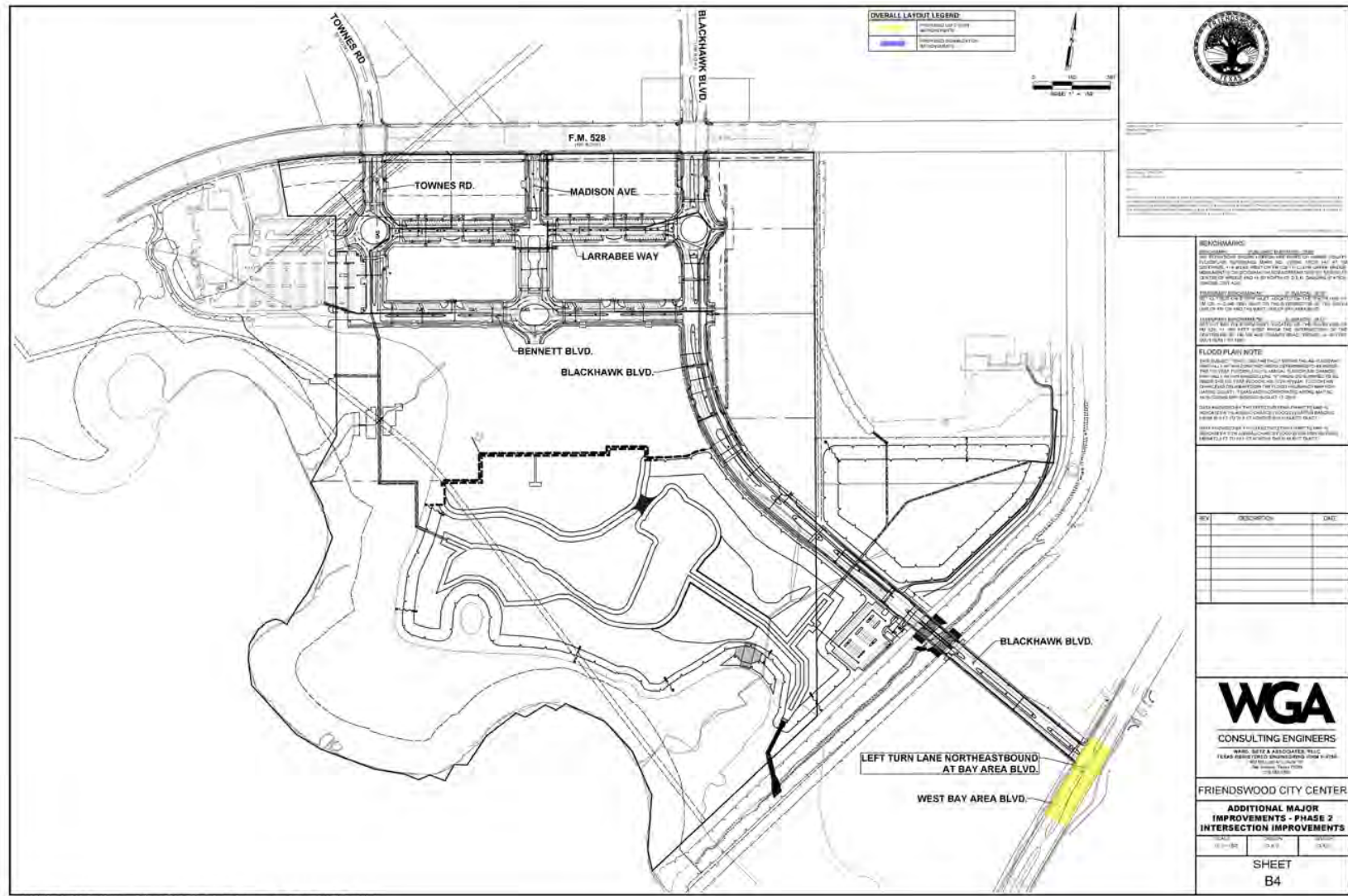
ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT P: FIRE STATION</u>					
1.	Fire Station	LS	1	\$ 1,032,520.00	\$ 1,032,520
UNIT P SUB-TOTAL BID					\$ 1,032,520

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
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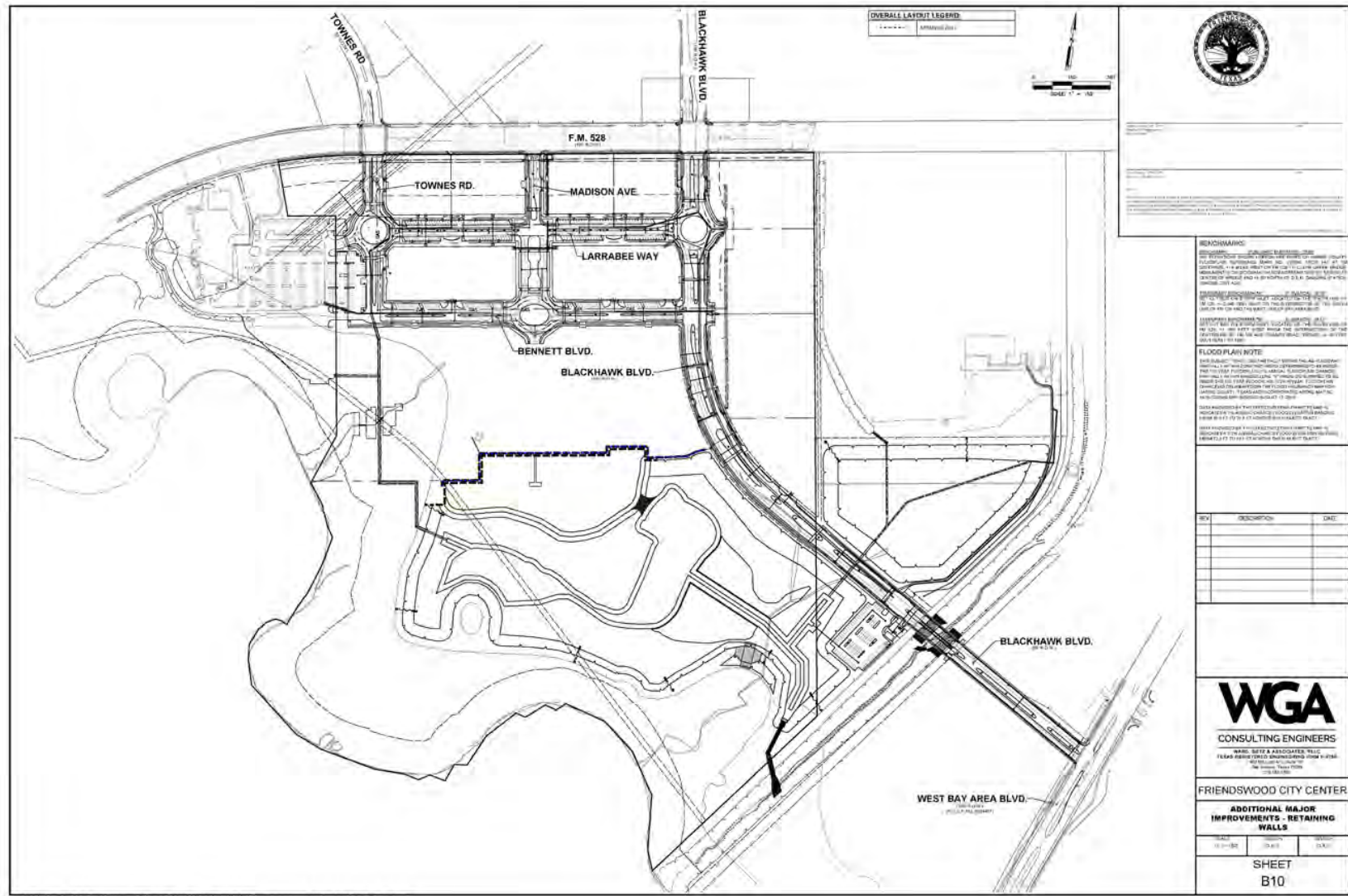
<u>UNIT Q: PROFESSIONAL FEES</u>	Amount
<u>Other Engineering & Professional Fees</u>	
Engineering & Surveying through Change Order No. 6	\$ 959,050
Geotechnical Engineering	\$ 47,151
Surveying by Boundary 1	\$ 14,354
Diamond Development Group	\$ 1,861,293
Legal - Wolfgramm	\$ 100,000
PID ITEMS SUB-TOTAL BID	\$ 2,981,848
TOTAL UNIT Q: PROFESSIONAL FEES	\$ 2,981,848

Notes: **1.** All values rounded up to the nearest hundred. **2.** This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.









APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this Appendix:

- o Initial Parcel
- o Lot Type 1
- o Lot Type 2
- o Lot Type 3
- o Lot Type 4
- o Lot Type 5

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE INITIAL PARCEL**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

INITIAL PARCEL PRINCIPAL ASSESSMENT: \$55,322,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS - INITIAL PARCEL

	Initial Major Improvement Bonds							Additional Major Improvement Reimbursement Obligation ^(a)							
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(a)	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due	
2025	\$ -	\$ 2,092,708	\$ (2,092,708)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,110	\$ -	\$ -	
2026	\$ -	\$ 2,625,000	\$ (2,625,000)	\$ 45,900	\$ 187,500	\$ -	\$ 45,900	\$ -	\$ -	\$ 35,700	\$ -	\$ 89,110	\$ 35,700	\$ 81,600	
2027	\$ 438,000	\$ 2,625,000	\$ -	\$ 46,818	\$ 187,500	\$ -	\$ 3,109,818	\$ 266,000	\$ 1,247,540	\$ 36,414	\$ -	\$ 89,110	\$ 1,549,954	\$ 4,659,772	
2028	\$ 469,000	\$ 2,594,340	\$ -	\$ 47,754	\$ 185,310	\$ -	\$ 3,111,094	\$ 282,000	\$ 1,228,920	\$ 37,142	\$ -	\$ 87,780	\$ 1,548,062	\$ 4,659,157	
2029	\$ 504,000	\$ 2,561,510	\$ -	\$ 48,709	\$ 182,965	\$ -	\$ 3,114,219	\$ 298,000	\$ 1,209,180	\$ 37,885	\$ -	\$ 86,370	\$ 1,545,065	\$ 4,659,285	
2030	\$ 540,000	\$ 2,526,230	\$ -	\$ 49,684	\$ 180,445	\$ -	\$ 3,115,914	\$ 316,000	\$ 1,188,320	\$ 38,643	\$ -	\$ 84,880	\$ 1,542,963	\$ 4,658,876	
2031	\$ 580,000	\$ 2,488,430	\$ -	\$ 50,677	\$ 177,745	\$ -	\$ 3,119,107	\$ 335,000	\$ 1,166,200	\$ 39,416	\$ -	\$ 83,300	\$ 1,540,616	\$ 4,659,723	
2032	\$ 622,000	\$ 2,447,830	\$ -	\$ 51,691	\$ 174,845	\$ -	\$ 3,121,521	\$ 355,000	\$ 1,142,750	\$ 40,204	\$ -	\$ 81,625	\$ 1,537,954	\$ 4,659,475	
2033	\$ 668,000	\$ 2,404,290	\$ -	\$ 52,725	\$ 171,735	\$ -	\$ 3,125,015	\$ 375,000	\$ 1,117,900	\$ 41,008	\$ -	\$ 79,850	\$ 1,533,908	\$ 4,658,923	
2034	\$ 717,000	\$ 2,357,530	\$ -	\$ 53,779	\$ 168,395	\$ -	\$ 3,128,309	\$ 398,000	\$ 1,091,650	\$ 41,828	\$ -	\$ 77,975	\$ 1,531,478	\$ 4,659,787	
2035	\$ 770,000	\$ 2,307,340	\$ -	\$ 54,855	\$ 164,810	\$ -	\$ 3,132,195	\$ 421,000	\$ 1,063,790	\$ 42,665	\$ -	\$ 75,985	\$ 1,527,455	\$ 4,659,650	
2036	\$ 827,000	\$ 2,253,440	\$ -	\$ 55,952	\$ 160,960	\$ -	\$ 3,136,392	\$ 445,000	\$ 1,034,320	\$ 43,518	\$ -	\$ 73,880	\$ 1,522,838	\$ 4,659,230	
2037	\$ 887,000	\$ 2,195,550	\$ -	\$ 57,071	\$ 156,825	\$ -	\$ 3,139,621	\$ 472,000	\$ 1,003,170	\$ 44,388	\$ -	\$ 71,655	\$ 1,519,558	\$ 4,659,179	
2038	\$ 953,000	\$ 2,133,460	\$ -	\$ 58,212	\$ 152,390	\$ -	\$ 3,144,672	\$ 499,000	\$ 970,130	\$ 45,276	\$ -	\$ 69,295	\$ 1,514,406	\$ 4,659,079	
2039	\$ 1,023,000	\$ 2,066,750	\$ -	\$ 59,377	\$ 147,625	\$ -	\$ 3,149,127	\$ 529,000	\$ 935,200	\$ 46,182	\$ -	\$ 66,800	\$ 1,510,382	\$ 4,659,508	
2040	\$ 1,099,000	\$ 1,995,140	\$ -	\$ 60,564	\$ 142,510	\$ -	\$ 3,154,704	\$ 559,000	\$ 898,170	\$ 47,105	\$ -	\$ 64,155	\$ 1,504,275	\$ 4,658,979	
2041	\$ 1,180,000	\$ 1,918,210	\$ -	\$ 61,775	\$ 137,015	\$ -	\$ 3,159,985	\$ 592,000	\$ 859,040	\$ 48,047	\$ -	\$ 61,360	\$ 1,499,087	\$ 4,659,073	
2042	\$ 1,267,000	\$ 1,835,610	\$ -	\$ 63,011	\$ 131,115	\$ -	\$ 3,165,621	\$ 627,000	\$ 817,600	\$ 49,008	\$ -	\$ 58,400	\$ 1,493,608	\$ 4,659,229	
2043	\$ 1,361,000	\$ 1,746,920	\$ -	\$ 64,271	\$ 124,780	\$ -	\$ 3,172,191	\$ 663,000	\$ 773,710	\$ 49,989	\$ -	\$ 55,265	\$ 1,486,699	\$ 4,658,890	
2044	\$ 1,462,000	\$ 1,651,650	\$ -	\$ 65,557	\$ 117,975	\$ -	\$ 3,179,207	\$ 702,000	\$ 727,300	\$ 50,988	\$ -	\$ 51,950	\$ 1,480,288	\$ 4,659,495	
2045	\$ 1,570,000	\$ 1,549,310	\$ -	\$ 66,868	\$ 110,665	\$ -	\$ 3,186,178	\$ 743,000	\$ 678,160	\$ 52,008	\$ -	\$ 48,440	\$ 1,473,168	\$ 4,659,346	
2046	\$ 1,686,000	\$ 1,439,410	\$ -	\$ 68,205	\$ 102,815	\$ -	\$ 3,193,615	\$ 787,000	\$ 626,150	\$ 53,048	\$ -	\$ 44,725	\$ 1,466,198	\$ 4,659,813	
2047	\$ 1,812,000	\$ 1,321,390	\$ -	\$ 69,569	\$ 94,385	\$ -	\$ 3,202,959	\$ 831,000	\$ 571,060	\$ 54,109	\$ -	\$ 40,790	\$ 1,456,169	\$ 4,659,128	
2048	\$ 1,946,000	\$ 1,194,550	\$ -	\$ 70,960	\$ 85,325	\$ -	\$ 3,211,510	\$ 880,000	\$ 512,890	\$ 55,191	\$ -	\$ 36,635	\$ 1,448,081	\$ 4,659,592	
2049	\$ 2,091,000	\$ 1,058,330	\$ -	\$ 72,380	\$ 75,595	\$ -	\$ 3,221,710	\$ 930,000	\$ 451,290	\$ 56,295	\$ -	\$ 32,235	\$ 1,437,585	\$ 4,659,295	
2050	\$ 2,246,000	\$ 911,960	\$ -	\$ 73,827	\$ 65,140	\$ -	\$ 3,231,787	\$ 984,000	\$ 386,190	\$ 57,421	\$ -	\$ 27,585	\$ 1,427,611	\$ 4,659,398	
2051	\$ 2,413,000	\$ 754,740	\$ -	\$ 75,304	\$ 53,910	\$ -	\$ 3,243,044	\$ 1,040,000	\$ 317,310	\$ 58,570	\$ -	\$ 22,665	\$ 1,415,880	\$ 4,658,923	
2052	\$ 2,592,000	\$ 585,830	\$ -	\$ 76,810	\$ 41,845	\$ -	\$ 3,254,640	\$ 1,100,000	\$ 244,510	\$ 59,741	\$ -	\$ 17,465	\$ 1,404,251	\$ 4,658,891	
2053	\$ 2,785,000	\$ 404,390	\$ -	\$ 78,346	\$ 28,885	\$ -	\$ 3,267,736	\$ 1,163,000	\$ 167,510	\$ 60,936	\$ -	\$ 11,965	\$ 1,391,446	\$ 4,659,182	
2054	\$ 2,992,000	\$ 209,440	\$ -	\$ 79,913	\$ 14,960	\$ (3,201,440)	\$ 79,913	\$ 1,230,000	\$ 86,100	\$ 62,155	\$ (1,513,540)	\$ 6,150	\$ (135,285)	\$ (55,372)	
Total	\$ 37,500,000	\$ 54,256,288	\$ (4,717,708)	\$ 1,780,564	\$ 3,725,970	\$ (3,201,440)	\$ 85,617,704	\$ 17,822,000	\$ 22,516,060	\$ 1,384,883	\$ (1,513,540)	\$ 1,786,510	\$ 40,209,403	\$ 125,827,106	

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 1**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 1 PRINCIPAL ASSESSMENT: \$41.67 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 1

	Initial Major Improvement Bonds								Additional Major Improvements Reimbursement Obligation ^[c]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[g]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[e]		
2025	\$ -	\$ 1.58	\$ (1.58)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.07	\$ -	\$ -		
2026	\$ -	\$ 1.98	\$ (1.98)	\$ 0.03	\$ 0.14	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.07	\$ 0.03	\$ 0.06		
2027	\$ 0.330	\$ 1.98	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.34	\$ 0.200	\$ 0.94	\$ 0.03	\$ -	\$ 0.07	\$ 1.17	\$ 3.51		
2028	\$ 0.353	\$ 1.95	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.34	\$ 0.212	\$ 0.93	\$ 0.03	\$ -	\$ 0.07	\$ 1.17	\$ 3.51		
2029	\$ 0.380	\$ 1.93	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.35	\$ 0.224	\$ 0.91	\$ 0.03	\$ -	\$ 0.07	\$ 1.16	\$ 3.51		
2030	\$ 0.407	\$ 1.90	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.35	\$ 0.238	\$ 0.90	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2031	\$ 0.437	\$ 1.87	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.252	\$ 0.88	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2032	\$ 0.469	\$ 1.84	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.267	\$ 0.86	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2033	\$ 0.503	\$ 1.81	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.282	\$ 0.84	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2034	\$ 0.540	\$ 1.78	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.36	\$ 0.300	\$ 0.82	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2035	\$ 0.580	\$ 1.74	\$ -	\$ 0.04	\$ 0.12	\$ -	\$ 2.36	\$ 0.317	\$ 0.80	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2036	\$ 0.623	\$ 1.70	\$ -	\$ 0.04	\$ 0.12	\$ -	\$ 2.36	\$ 0.335	\$ 0.78	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2037	\$ 0.668	\$ 1.65	\$ -	\$ 0.04	\$ 0.12	\$ -	\$ 2.37	\$ 0.356	\$ 0.76	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2038	\$ 0.718	\$ 1.61	\$ -	\$ 0.04	\$ 0.11	\$ -	\$ 2.37	\$ 0.376	\$ 0.73	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2039	\$ 0.771	\$ 1.56	\$ -	\$ 0.04	\$ 0.11	\$ -	\$ 2.37	\$ 0.398	\$ 0.70	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2040	\$ 0.828	\$ 1.50	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.38	\$ 0.421	\$ 0.68	\$ 0.04	\$ -	\$ 0.05	\$ 1.13	\$ 3.51		
2041	\$ 0.889	\$ 1.44	\$ -	\$ 0.05	\$ 0.10	\$ -	\$ 2.38	\$ 0.446	\$ 0.65	\$ 0.04	\$ -	\$ 0.05	\$ 1.13	\$ 3.51		
2042	\$ 0.954	\$ 1.38	\$ -	\$ 0.05	\$ 0.10	\$ -	\$ 2.38	\$ 0.472	\$ 0.62	\$ 0.04	\$ -	\$ 0.04	\$ 1.13	\$ 3.51		
2043	\$ 1.025	\$ 1.32	\$ -	\$ 0.05	\$ 0.09	\$ -	\$ 2.39	\$ 0.499	\$ 0.58	\$ 0.04	\$ -	\$ 0.04	\$ 1.12	\$ 3.51		
2044	\$ 1.101	\$ 1.24	\$ -	\$ 0.05	\$ 0.09	\$ -	\$ 2.39	\$ 0.529	\$ 0.55	\$ 0.04	\$ -	\$ 0.04	\$ 1.12	\$ 3.51		
2045	\$ 1.183	\$ 1.17	\$ -	\$ 0.05	\$ 0.08	\$ -	\$ 2.40	\$ 0.560	\$ 0.51	\$ 0.04	\$ -	\$ 0.04	\$ 1.11	\$ 3.51		
2046	\$ 1.270	\$ 1.08	\$ -	\$ 0.05	\$ 0.08	\$ -	\$ 2.41	\$ 0.593	\$ 0.47	\$ 0.04	\$ -	\$ 0.03	\$ 1.10	\$ 3.51		
2047	\$ 1.365	\$ 1.00	\$ -	\$ 0.05	\$ 0.07	\$ -	\$ 2.41	\$ 0.626	\$ 0.43	\$ 0.04	\$ -	\$ 0.03	\$ 1.10	\$ 3.51		
2048	\$ 1.466	\$ 0.90	\$ -	\$ 0.05	\$ 0.06	\$ -	\$ 2.42	\$ 0.663	\$ 0.39	\$ 0.04	\$ -	\$ 0.03	\$ 1.09	\$ 3.51		
2049	\$ 1.575	\$ 0.80	\$ -	\$ 0.05	\$ 0.06	\$ -	\$ 2.43	\$ 0.701	\$ 0.34	\$ 0.04	\$ -	\$ 0.02	\$ 1.08	\$ 3.51		
2050	\$ 1.692	\$ 0.69	\$ -	\$ 0.06	\$ 0.05	\$ -	\$ 2.43	\$ 0.741	\$ 0.29	\$ 0.04	\$ -	\$ 0.02	\$ 1.08	\$ 3.51		
2051	\$ 1.818	\$ 0.57	\$ -	\$ 0.06	\$ 0.04	\$ -	\$ 2.44	\$ 0.783	\$ 0.24	\$ 0.04	\$ -	\$ 0.02	\$ 1.07	\$ 3.51		
2052	\$ 1.953	\$ 0.44	\$ -	\$ 0.06	\$ 0.03	\$ -	\$ 2.45	\$ 0.829	\$ 0.18	\$ 0.05	\$ -	\$ 0.01	\$ 1.06	\$ 3.51		
2053	\$ 2.098	\$ 0.30	\$ -	\$ 0.06	\$ 0.02	\$ -	\$ 2.46	\$ 0.876	\$ 0.13	\$ 0.05	\$ -	\$ 0.01	\$ 1.05	\$ 3.51		
2054	\$ 2.254	\$ 0.16	\$ -	\$ 0.06	\$ 0.01	\$ (2.41)	\$ 0.06	\$ 0.927	\$ 0.06	\$ 0.05	\$ (1.14)	\$ 0.00	\$ (0.10)	\$ (0.04)		
Total	\$ 28.25	\$ 40.87	\$ (3.55)	\$ 1.34	\$ 2.81	\$ (2.41)	\$ 64.50	\$ 13.43	\$ 16.96	\$ 1.04	\$ (1.14)	\$ 1.35	\$ 30.29	\$ 94.79		

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 2**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 2 PRINCIPAL ASSESSMENT: \$34.65 per Square Foot “inclusive of common area allocation”

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 2

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^[c]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[a]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[d]	
2025	\$ -	\$ 1.31	\$ (1.31)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.06	\$ -	\$ -	
2026	\$ -	\$ 1.64	\$ (1.64)	\$ 0.03	\$ 0.12	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.06	\$ 0.02	\$ 0.05	
2027	\$ 0.27	\$ 1.64	\$ -	\$ 0.03	\$ 0.12	\$ -	\$ 1.95	\$ 0.17	\$ 0.78	\$ 0.02	\$ -	\$ 0.06	\$ 0.97	\$ 2.92	
2028	\$ 0.29	\$ 1.63	\$ -	\$ 0.03	\$ 0.12	\$ -	\$ 1.95	\$ 0.18	\$ 0.77	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2029	\$ 0.32	\$ 1.60	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.19	\$ 0.76	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2030	\$ 0.34	\$ 1.58	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.20	\$ 0.74	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2031	\$ 0.36	\$ 1.56	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.21	\$ 0.73	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2032	\$ 0.39	\$ 1.53	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.22	\$ 0.72	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2033	\$ 0.42	\$ 1.51	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.23	\$ 0.70	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2034	\$ 0.45	\$ 1.48	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.25	\$ 0.68	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2035	\$ 0.48	\$ 1.45	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.96	\$ 0.26	\$ 0.67	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2036	\$ 0.52	\$ 1.41	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.96	\$ 0.28	\$ 0.65	\$ 0.03	\$ -	\$ 0.05	\$ 0.95	\$ 2.92	
2037	\$ 0.56	\$ 1.38	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.97	\$ 0.30	\$ 0.63	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2038	\$ 0.60	\$ 1.34	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.97	\$ 0.31	\$ 0.61	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2039	\$ 0.64	\$ 1.29	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.97	\$ 0.33	\$ 0.59	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2040	\$ 0.69	\$ 1.25	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.98	\$ 0.35	\$ 0.56	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2041	\$ 0.74	\$ 1.20	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.98	\$ 0.37	\$ 0.54	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2042	\$ 0.79	\$ 1.15	\$ -	\$ 0.04	\$ 0.08	\$ -	\$ 1.98	\$ 0.39	\$ 0.51	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2043	\$ 0.85	\$ 1.09	\$ -	\$ 0.04	\$ 0.08	\$ -	\$ 1.99	\$ 0.42	\$ 0.48	\$ 0.03	\$ -	\$ 0.03	\$ 0.93	\$ 2.92	
2044	\$ 0.92	\$ 1.03	\$ -	\$ 0.04	\$ 0.07	\$ -	\$ 1.99	\$ 0.44	\$ 0.46	\$ 0.03	\$ -	\$ 0.03	\$ 0.93	\$ 2.92	
2045	\$ 0.98	\$ 0.97	\$ -	\$ 0.04	\$ 0.07	\$ -	\$ 2.00	\$ 0.47	\$ 0.42	\$ 0.03	\$ -	\$ 0.03	\$ 0.92	\$ 2.92	
2046	\$ 1.06	\$ 0.90	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 2.00	\$ 0.49	\$ 0.39	\$ 0.03	\$ -	\$ 0.03	\$ 0.92	\$ 2.92	
2047	\$ 1.14	\$ 0.83	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 2.01	\$ 0.52	\$ 0.36	\$ 0.03	\$ -	\$ 0.03	\$ 0.91	\$ 2.92	
2048	\$ 1.22	\$ 0.75	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 2.01	\$ 0.55	\$ 0.32	\$ 0.03	\$ -	\$ 0.02	\$ 0.91	\$ 2.92	
2049	\$ 1.31	\$ 0.66	\$ -	\$ 0.05	\$ 0.05	\$ -	\$ 2.02	\$ 0.58	\$ 0.28	\$ 0.04	\$ -	\$ 0.02	\$ 0.90	\$ 2.92	
2050	\$ 1.41	\$ 0.57	\$ -	\$ 0.05	\$ 0.04	\$ -	\$ 2.02	\$ 0.62	\$ 0.24	\$ 0.04	\$ -	\$ 0.02	\$ 0.89	\$ 2.92	
2051	\$ 1.51	\$ 0.47	\$ -	\$ 0.05	\$ 0.03	\$ -	\$ 2.03	\$ 0.65	\$ 0.20	\$ 0.04	\$ -	\$ 0.01	\$ 0.89	\$ 2.92	
2052	\$ 1.62	\$ 0.37	\$ -	\$ 0.05	\$ 0.03	\$ -	\$ 2.04	\$ 0.69	\$ 0.15	\$ 0.04	\$ -	\$ 0.01	\$ 0.88	\$ 2.92	
2053	\$ 1.74	\$ 0.25	\$ -	\$ 0.05	\$ 0.02	\$ -	\$ 2.05	\$ 0.73	\$ 0.10	\$ 0.04	\$ -	\$ 0.01	\$ 0.87	\$ 2.92	
2054	\$ 1.87	\$ 0.13	\$ -	\$ 0.05	\$ 0.01	\$ (2.01)	\$ 0.05	\$ 0.77	\$ 0.05	\$ 0.04	\$ (0.95)	\$ 0.00	\$ (0.08)	\$ (0.03)	
Total	\$ 23.49	\$ 33.99	\$ (2.96)	\$ 1.12	\$ 2.33	\$ (2.01)	\$ 53.63	\$ 11.16	\$ 14.10	\$ 0.87	\$ (0.95)	\$ 1.12	\$ 25.19	\$ 78.82	

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER DISCLOSURE LOT TYPE 3

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 3 PRINCIPAL ASSESSMENT: \$15,682.59 per Key

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER DOOR - LOT TYPE 3

Installment Due 1/31	Initial Major Improvement Bonds						Additional Major Improvements Reimbursement Obligation ^[e]							Total Annual Installment Due ^[e]
	Principal	Interest ^[d]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest	Additional Major Improvements Total Annual Installment Due ^[d]	
2025	\$ -	\$ 593.24	\$ (593.24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25.26	\$ -	\$ -
2026	\$ -	\$ 744.13	\$ (744.13)	\$ 13.01	\$ 53.15	\$ -	\$ 13.01	\$ -	\$ -	\$ 10.12	\$ -	\$ 25.26	\$ 10.12	\$ 23.13
2027	\$ 124.16	\$ 744.13	\$ -	\$ 13.27	\$ 53.15	\$ -	\$ 881.57	\$ 75.41	\$ 353.65	\$ 10.32	\$ -	\$ 25.26	\$ 439.38	\$ 1,320.94
2028	\$ 132.95	\$ 735.44	\$ -	\$ 13.54	\$ 52.53	\$ -	\$ 881.93	\$ 79.94	\$ 348.37	\$ 10.53	\$ -	\$ 24.88	\$ 438.84	\$ 1,320.77
2029	\$ 142.87	\$ 726.13	\$ -	\$ 13.81	\$ 51.87	\$ -	\$ 882.81	\$ 84.48	\$ 342.78	\$ 10.74	\$ -	\$ 24.48	\$ 437.99	\$ 1,320.81
2030	\$ 153.08	\$ 716.13	\$ -	\$ 14.08	\$ 51.15	\$ -	\$ 883.29	\$ 89.58	\$ 336.86	\$ 10.95	\$ -	\$ 24.06	\$ 437.40	\$ 1,320.69
2031	\$ 164.42	\$ 705.42	\$ -	\$ 14.37	\$ 50.39	\$ -	\$ 884.20	\$ 94.97	\$ 330.59	\$ 11.17	\$ -	\$ 23.61	\$ 436.73	\$ 1,320.93
2032	\$ 176.32	\$ 693.91	\$ -	\$ 14.65	\$ 49.56	\$ -	\$ 884.88	\$ 100.63	\$ 323.94	\$ 11.40	\$ -	\$ 23.14	\$ 435.98	\$ 1,320.86
2033	\$ 189.36	\$ 681.56	\$ -	\$ 14.95	\$ 48.68	\$ -	\$ 885.87	\$ 106.30	\$ 316.90	\$ 11.62	\$ -	\$ 22.64	\$ 434.83	\$ 1,320.70
2034	\$ 203.25	\$ 668.31	\$ -	\$ 15.25	\$ 47.74	\$ -	\$ 886.81	\$ 112.82	\$ 309.46	\$ 11.86	\$ -	\$ 22.10	\$ 434.14	\$ 1,320.95
2035	\$ 218.28	\$ 654.08	\$ -	\$ 15.55	\$ 46.72	\$ -	\$ 887.91	\$ 119.34	\$ 301.56	\$ 12.09	\$ -	\$ 21.54	\$ 433.00	\$ 1,320.91
2036	\$ 234.44	\$ 638.80	\$ -	\$ 15.86	\$ 45.63	\$ -	\$ 889.10	\$ 126.15	\$ 293.21	\$ 12.34	\$ -	\$ 20.94	\$ 431.69	\$ 1,320.79
2037	\$ 251.45	\$ 622.39	\$ -	\$ 16.18	\$ 44.46	\$ -	\$ 890.01	\$ 133.80	\$ 284.38	\$ 12.58	\$ -	\$ 20.31	\$ 430.76	\$ 1,320.78
2038	\$ 270.15	\$ 604.79	\$ -	\$ 16.50	\$ 43.20	\$ -	\$ 891.45	\$ 141.46	\$ 275.01	\$ 12.83	\$ -	\$ 19.64	\$ 429.30	\$ 1,320.75
2039	\$ 290.00	\$ 585.88	\$ -	\$ 16.83	\$ 41.85	\$ -	\$ 892.71	\$ 149.96	\$ 265.11	\$ 13.09	\$ -	\$ 18.94	\$ 428.16	\$ 1,320.87
2040	\$ 311.54	\$ 565.58	\$ -	\$ 17.17	\$ 40.40	\$ -	\$ 894.29	\$ 158.46	\$ 254.61	\$ 13.35	\$ -	\$ 18.19	\$ 426.43	\$ 1,320.72
2041	\$ 334.50	\$ 543.77	\$ -	\$ 17.51	\$ 38.84	\$ -	\$ 895.79	\$ 167.82	\$ 243.52	\$ 13.62	\$ -	\$ 17.39	\$ 424.96	\$ 1,320.75
2042	\$ 359.17	\$ 520.36	\$ -	\$ 17.86	\$ 37.17	\$ -	\$ 897.38	\$ 177.74	\$ 231.77	\$ 13.89	\$ -	\$ 16.56	\$ 423.41	\$ 1,320.79
2043	\$ 385.81	\$ 495.21	\$ -	\$ 18.22	\$ 35.37	\$ -	\$ 899.25	\$ 187.95	\$ 219.33	\$ 14.17	\$ -	\$ 15.67	\$ 421.45	\$ 1,320.69
2044	\$ 414.45	\$ 468.21	\$ -	\$ 18.58	\$ 33.44	\$ -	\$ 901.24	\$ 199.00	\$ 206.17	\$ 14.45	\$ -	\$ 14.73	\$ 419.63	\$ 1,320.87
2045	\$ 445.06	\$ 439.20	\$ -	\$ 18.96	\$ 31.37	\$ -	\$ 903.21	\$ 210.62	\$ 192.24	\$ 14.74	\$ -	\$ 13.73	\$ 417.61	\$ 1,320.82
2046	\$ 477.94	\$ 408.04	\$ -	\$ 19.33	\$ 29.15	\$ -	\$ 905.32	\$ 223.10	\$ 177.50	\$ 15.04	\$ -	\$ 12.68	\$ 415.64	\$ 1,320.96
2047	\$ 513.66	\$ 374.59	\$ -	\$ 19.72	\$ 26.76	\$ -	\$ 907.97	\$ 235.57	\$ 161.88	\$ 15.34	\$ -	\$ 11.56	\$ 412.79	\$ 1,320.76
2048	\$ 551.65	\$ 338.63	\$ -	\$ 20.12	\$ 24.19	\$ -	\$ 910.39	\$ 249.46	\$ 145.39	\$ 15.65	\$ -	\$ 10.39	\$ 410.50	\$ 1,320.89
2049	\$ 592.75	\$ 300.01	\$ -	\$ 20.52	\$ 21.43	\$ -	\$ 913.28	\$ 263.63	\$ 127.93	\$ 15.96	\$ -	\$ 9.14	\$ 407.52	\$ 1,320.81
2050	\$ 636.69	\$ 258.52	\$ -	\$ 20.93	\$ 18.47	\$ -	\$ 916.14	\$ 278.94	\$ 109.48	\$ 16.28	\$ -	\$ 7.82	\$ 404.70	\$ 1,320.84
2051	\$ 684.03	\$ 213.95	\$ -	\$ 21.35	\$ 15.28	\$ -	\$ 919.33	\$ 294.82	\$ 89.95	\$ 16.60	\$ -	\$ 6.43	\$ 401.37	\$ 1,320.70
2052	\$ 734.78	\$ 166.07	\$ -	\$ 21.77	\$ 11.86	\$ -	\$ 922.62	\$ 311.83	\$ 69.31	\$ 16.94	\$ -	\$ 4.95	\$ 398.07	\$ 1,320.69
2053	\$ 789.49	\$ 114.64	\$ -	\$ 22.21	\$ 8.19	\$ -	\$ 926.33	\$ 329.69	\$ 47.49	\$ 17.27	\$ -	\$ 3.39	\$ 394.44	\$ 1,320.78
2054	\$ 848.17	\$ 59.37	\$ -	\$ 22.65	\$ 4.24	\$ (907.54)	\$ 22.65	\$ 348.68	\$ 24.41	\$ 17.62	\$ (429.06)	\$ 1.74	\$ (38.35)	\$ (15.70)
Total	\$ 10,630.44	\$ 15,380.48	\$ (1,337.37)	\$ 504.75	\$ 1,056.23	\$ (907.54)	\$ 24,270.76	\$ 5,052.15	\$ 6,382.81	\$ 392.58	\$ (429.06)	\$ 506.44	\$ 11,398.49	\$ 35,669.25

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 4**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 4 PRINCIPAL ASSESSMENT: \$29.22 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 4

	Initial Major Improvement Bonds								Additional Major Improvements Reimbursement Obligation ^[c]								
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[d]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[e]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[d]			
2025	\$ -	\$ 1.11	\$(1.11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.05	\$ -	\$ -			
2026	\$ -	\$ 1.39	\$(1.39)	\$ 0.02	\$ 0.10	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.05	\$ 0.02	\$ 0.04			
2027	\$ 0.23	\$ 1.39	\$ -	\$ 0.02	\$ 0.10	\$ -	\$ 1.64	\$ 0.14	\$ 0.66	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46			
2028	\$ 0.25	\$ 1.37	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.64	\$ 0.15	\$ 0.65	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46			
2029	\$ 0.27	\$ 1.35	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.64	\$ 0.16	\$ 0.64	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46			
2030	\$ 0.29	\$ 1.33	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.65	\$ 0.17	\$ 0.63	\$ 0.02	\$ -	\$ 0.04	\$ 0.82	\$ 2.46			
2031	\$ 0.31	\$ 1.31	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.18	\$ 0.62	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2032	\$ 0.33	\$ 1.29	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.19	\$ 0.60	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2033	\$ 0.35	\$ 1.27	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.20	\$ 0.59	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2034	\$ 0.38	\$ 1.25	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.21	\$ 0.58	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2035	\$ 0.41	\$ 1.22	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.22	\$ 0.56	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2036	\$ 0.44	\$ 1.19	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.66	\$ 0.24	\$ 0.55	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46			
2037	\$ 0.47	\$ 1.16	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.25	\$ 0.53	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46			
2038	\$ 0.50	\$ 1.13	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.26	\$ 0.51	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46			
2039	\$ 0.54	\$ 1.09	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.28	\$ 0.49	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46			
2040	\$ 0.58	\$ 1.05	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.67	\$ 0.30	\$ 0.47	\$ 0.02	\$ -	\$ 0.03	\$ 0.79	\$ 2.46			
2041	\$ 0.62	\$ 1.01	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.67	\$ 0.31	\$ 0.45	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46			
2042	\$ 0.67	\$ 0.97	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.67	\$ 0.33	\$ 0.43	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46			
2043	\$ 0.72	\$ 0.92	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.68	\$ 0.35	\$ 0.41	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46			
2044	\$ 0.77	\$ 0.87	\$ -	\$ 0.03	\$ 0.06	\$ -	\$ 1.68	\$ 0.37	\$ 0.38	\$ 0.03	\$ -	\$ 0.03	\$ 0.78	\$ 2.46			
2045	\$ 0.83	\$ 0.82	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 1.68	\$ 0.39	\$ 0.36	\$ 0.03	\$ -	\$ 0.03	\$ 0.78	\$ 2.46			
2046	\$ 0.89	\$ 0.76	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.69	\$ 0.42	\$ 0.33	\$ 0.03	\$ -	\$ 0.02	\$ 0.77	\$ 2.46			
2047	\$ 0.96	\$ 0.70	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.69	\$ 0.44	\$ 0.30	\$ 0.03	\$ -	\$ 0.02	\$ 0.77	\$ 2.46			
2048	\$ 1.03	\$ 0.63	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.70	\$ 0.46	\$ 0.27	\$ 0.03	\$ -	\$ 0.02	\$ 0.76	\$ 2.46			
2049	\$ 1.10	\$ 0.56	\$ -	\$ 0.04	\$ 0.04	\$ -	\$ 1.70	\$ 0.49	\$ 0.24	\$ 0.03	\$ -	\$ 0.02	\$ 0.76	\$ 2.46			
2050	\$ 1.19	\$ 0.48	\$ -	\$ 0.04	\$ 0.03	\$ -	\$ 1.71	\$ 0.52	\$ 0.20	\$ 0.03	\$ -	\$ 0.01	\$ 0.75	\$ 2.46			
2051	\$ 1.27	\$ 0.40	\$ -	\$ 0.04	\$ 0.03	\$ -	\$ 1.71	\$ 0.55	\$ 0.17	\$ 0.03	\$ -	\$ 0.01	\$ 0.75	\$ 2.46			
2052	\$ 1.37	\$ 0.31	\$ -	\$ 0.04	\$ 0.02	\$ -	\$ 1.72	\$ 0.58	\$ 0.13	\$ 0.03	\$ -	\$ 0.01	\$ 0.74	\$ 2.46			
2053	\$ 1.47	\$ 0.21	\$ -	\$ 0.04	\$ 0.02	\$ -	\$ 1.73	\$ 0.61	\$ 0.09	\$ 0.03	\$ -	\$ 0.01	\$ 0.73	\$ 2.46			
2054	\$ 1.58	\$ 0.11	\$ -	\$ 0.04	\$ 0.01	\$(1.69)	\$ 0.04	\$ 0.65	\$ 0.05	\$ 0.03	\$(0.80)	\$ 0.00	\$(0.07)	\$(0.03)			
Total	\$ 19.81	\$ 28.66	\$(2.49)	\$ 0.94	\$ 1.97	\$(1.69)	\$ 45.23	\$ 9.41	\$ 11.89	\$ 0.73	\$(0.80)	\$ 0.94	\$ 21.24	\$ 66.46			

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 5**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 5 PRINCIPAL ASSESSMENT: \$47.13 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 5

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^(e)								
Installment Due 1/31	Principal	Interest ^(a)	Capitalized Interest	Annual Collection Costs	Additional Interest ^(c)	Reserve Fund ^(f)	Initial Major Improvements Total Annual Installment Due ^(d)	Principal	Interest ^(b)	Annual Collection Costs	Reserve Fund ^(f)	Additional Interest ^(d)	Additional Major Improvements Total Annual Installment Due ^(d)	Total Annual Installment Due ^(d)		
2025	\$ -	\$ 1.78	\$ (1.78)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.08	\$ -	\$ -		
2026	\$ -	\$ 2.24	\$ (2.24)	\$ 0.04	\$ 0.16	\$ -	\$ 0.04	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.08	\$ 0.03	\$ 0.07		
2027	\$ 0.37	\$ 2.24	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.23	\$ 1.06	\$ 0.03	\$ -	\$ 0.08	\$ 1.32	\$ 3.97		
2028	\$ 0.40	\$ 2.21	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.24	\$ 1.05	\$ 0.03	\$ -	\$ 0.07	\$ 1.32	\$ 3.97		
2029	\$ 0.43	\$ 2.18	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.25	\$ 1.03	\$ 0.03	\$ -	\$ 0.07	\$ 1.32	\$ 3.97		
2030	\$ 0.46	\$ 2.15	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.65	\$ 0.27	\$ 1.01	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97		
2031	\$ 0.49	\$ 2.12	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.29	\$ 0.99	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97		
2032	\$ 0.53	\$ 2.09	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.30	\$ 0.97	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97		
2033	\$ 0.57	\$ 2.05	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.32	\$ 0.95	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97		
2034	\$ 0.61	\$ 2.01	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.34	\$ 0.93	\$ 0.04	\$ -	\$ 0.07	\$ 1.30	\$ 3.97		
2035	\$ 0.66	\$ 1.97	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.36	\$ 0.91	\$ 0.04	\$ -	\$ 0.06	\$ 1.30	\$ 3.97		
2036	\$ 0.70	\$ 1.92	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.38	\$ 0.88	\$ 0.04	\$ -	\$ 0.06	\$ 1.30	\$ 3.97		
2037	\$ 0.76	\$ 1.87	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.67	\$ 0.40	\$ 0.85	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ 3.97		
2038	\$ 0.81	\$ 1.82	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.68	\$ 0.43	\$ 0.83	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ 3.97		
2039	\$ 0.87	\$ 1.76	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.68	\$ 0.45	\$ 0.80	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ 3.97		
2040	\$ 0.94	\$ 1.70	\$ -	\$ 0.05	\$ 0.12	\$ -	\$ 2.69	\$ 0.48	\$ 0.77	\$ 0.04	\$ -	\$ 0.05	\$ 1.28	\$ 3.97		
2041	\$ 1.01	\$ 1.63	\$ -	\$ 0.05	\$ 0.12	\$ -	\$ 2.69	\$ 0.50	\$ 0.73	\$ 0.04	\$ -	\$ 0.05	\$ 1.28	\$ 3.97		
2042	\$ 1.08	\$ 1.56	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.70	\$ 0.53	\$ 0.70	\$ 0.04	\$ -	\$ 0.05	\$ 1.27	\$ 3.97		
2043	\$ 1.16	\$ 1.49	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.70	\$ 0.56	\$ 0.66	\$ 0.04	\$ -	\$ 0.05	\$ 1.27	\$ 3.97		
2044	\$ 1.25	\$ 1.41	\$ -	\$ 0.06	\$ 0.10	\$ -	\$ 2.71	\$ 0.60	\$ 0.62	\$ 0.04	\$ -	\$ 0.04	\$ 1.26	\$ 3.97		
2045	\$ 1.34	\$ 1.32	\$ -	\$ 0.06	\$ 0.09	\$ -	\$ 2.71	\$ 0.63	\$ 0.58	\$ 0.04	\$ -	\$ 0.04	\$ 1.26	\$ 3.97		
2046	\$ 1.44	\$ 1.23	\$ -	\$ 0.06	\$ 0.09	\$ -	\$ 2.72	\$ 0.67	\$ 0.53	\$ 0.05	\$ -	\$ 0.04	\$ 1.25	\$ 3.97		
2047	\$ 1.54	\$ 1.13	\$ -	\$ 0.06	\$ 0.08	\$ -	\$ 2.73	\$ 0.71	\$ 0.49	\$ 0.05	\$ -	\$ 0.03	\$ 1.24	\$ 3.97		
2048	\$ 1.66	\$ 1.02	\$ -	\$ 0.06	\$ 0.07	\$ -	\$ 2.74	\$ 0.75	\$ 0.44	\$ 0.05	\$ -	\$ 0.03	\$ 1.23	\$ 3.97		
2049	\$ 1.78	\$ 0.90	\$ -	\$ 0.06	\$ 0.06	\$ -	\$ 2.74	\$ 0.79	\$ 0.38	\$ 0.05	\$ -	\$ 0.03	\$ 1.22	\$ 3.97		
2050	\$ 1.91	\$ 0.78	\$ -	\$ 0.06	\$ 0.06	\$ -	\$ 2.75	\$ 0.84	\$ 0.33	\$ 0.05	\$ -	\$ 0.02	\$ 1.22	\$ 3.97		
2051	\$ 2.06	\$ 0.64	\$ -	\$ 0.06	\$ 0.05	\$ -	\$ 2.76	\$ 0.89	\$ 0.27	\$ 0.05	\$ -	\$ 0.02	\$ 1.21	\$ 3.97		
2052	\$ 2.21	\$ 0.50	\$ -	\$ 0.07	\$ 0.04	\$ -	\$ 2.77	\$ 0.94	\$ 0.21	\$ 0.05	\$ -	\$ 0.01	\$ 1.20	\$ 3.97		
2053	\$ 2.37	\$ 0.34	\$ -	\$ 0.07	\$ 0.02	\$ -	\$ 2.78	\$ 0.99	\$ 0.14	\$ 0.05	\$ -	\$ 0.01	\$ 1.19	\$ 3.97		
2054	\$ 2.55	\$ 0.18	\$ -	\$ 0.07	\$ 0.01	\$ (2.73)	\$ 0.07	\$ 1.05	\$ 0.07	\$ 0.05	\$ (1.29)	\$ 0.01	\$ (0.12)	\$ (0.05)		
Total	\$ 31.95	\$ 46.22	\$ (4.02)	\$ 1.52	\$ 3.17	\$ (2.73)	\$ 72.94	\$ 15.18	\$ 19.18	\$ 1.18	\$ (1.29)	\$ 1.52	\$ 34.26	\$ 107.20		

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

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APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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[Form of Bond Counsel Opinion]

[Date]

\$ _____
CITY OF FRIENDSWOOD, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENT PROJECT)

We have represented the City of Friendswood, Texas (the “Issuer”), as its bond counsel in connection with an issue of assessment revenue bonds (the “Bonds”) described as follows:

CITY OF FRIENDSWOOD, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS PROJECT), dated November 1, 2024, issued in the principal amount of
\$ _____.

In such capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

The Bonds have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the “Act”) and an Ordinance adopted by the Issuer on November 4, 2024 (the “Ordinance”). The Bonds are issued pursuant to a Trust Indenture, dated as of November 1, 2024 (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, as Trustee (the “Trustee”).

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

We have represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer’s Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials, and other certified showings

relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based on such examination and in reliance on such representations, certifications and assumptions, it is our opinion that:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Pledged Revenues as and to the extent provided in the Indenture.
- (2) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Indenture, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

APPENDIX D-1
FORM OF CITY DISCLOSURE AGREEMENT

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**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of November 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among the City of Friendswood, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of November 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Additional Bonds” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall have the meaning assigned to such term in the Indenture. The initial Administrator is P3Works, LLC.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Collections Report” shall mean any Annual Collections Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in subsection 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Annual Issuer Report Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Annual Issuer Report Filing Date is currently March 31.

“Annual Service Plan Update” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean Madison Development Corp., LLC, a Texas limited liability company.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of November 1, 2024, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the City Manager or Mayor of the Issuer or his or her designee or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Wilmington Trust, National Association, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Friendswood City Center Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

“Listed Events” shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“PID Act” shall mean Chapter 372, Texas Local Government Code, as amended.

“Prepayment” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SAP Update” shall have the meaning assigned to such term in subsection 4(a)(iii) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Tax Year” means the calendar year, or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Trust Estate” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall have the meaning assigned to such term in the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2025, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Issuer Report Filing Date, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement. The Annual Issuer Report may, but is not required to, include the Audited Financial Statements and the failure to include the audited financial statements as a part of the Annual Issuer Report shall not violate the Issuer’s obligations under this Disclosure Agreement provided the Issuer provides its audited financial statements within twelve (12) months of the most recently ended Fiscal Year or, if the audited financial statements are not available within such twelve-month period, the Issuer provides unaudited financial statements within such twelve-month period, and provides audited financial statements, when and if available. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the

next Annual Issuer Report Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Issuer Report Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent together with written direction to file such Annual Issuer Report with the MSRB. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer, but in no event later than the Annual Issuer Report Filing Date for such Fiscal Year.

If by the fifth (5th) day before the Annual Issuer Report Filing Date the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Annual Issuer Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Annual Issuer Report Filing Date, state the date by which the Annual Issuer Report for such year will be provided, and instruct the Dissemination Agent in writing to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Issuer Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Issuer Report Filing Date.

(b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report; and

(ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof.

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer stating that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Issuer Report Filing Date, the following:

(a) Annual Financial Information. The following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date(s), the interest rate(s), the original aggregate principal amount(s), the principal amount(s) remaining Outstanding, and the total interest amount due on the aggregate principal amount Outstanding;

(B) The amounts in the funds and accounts securing the Bonds and a description of the related investments;

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year;

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (together, a “SAP Update”);

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) Audited Financial Statements. The audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer and that have been audited by an independent certified public accountant, *but only if* available by the Annual Issuer Report Filing Date. If the audited financial statements of the Issuer are not available within twelve months after the end of the Fiscal Year, the Issuer shall provide notice that the audited financial statements are not available, file unaudited financial statements within such twelve-month period, and file audited financial statements when prepared and available.

(c) A form for submitting the information described in subsection 4(a) above is attached as Exhibit B hereto. Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

The Administrator, and if no Administrator is designated, Issuer’s staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Issuer Reports under this Section 4.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Issuer Report, if such Annual Collections Report is available

when the Annual Issuer Report is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5th) day before the Annual Collections Report Filing Date the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided, and instruct the Dissemination Agent in writing to immediately send a notice to the MSRB in substantially the form attached as Exhibit A hereto; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1st) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the Issuer shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within the District in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or

liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Bonds without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three (3) Business Days immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) Business Day filing requirement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information.

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with 30 days' written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction against all costs, fees, expenses and liabilities for such actions) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure

Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. TO THE EXTENT PERMITTED BY LAW, THE ISSUER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, BUT ONLY FROM ANNUAL COLLECTION COSTS COLLECTED FROM THE PROPERTY OWNERS IN THE DISTRICT, AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH IT MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF ITS POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY ARISING UNDER THIS DISCLOSURE AGREEMENT, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE ISSUER TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT FOR LOSSES, EXPENSES OR LIABILITIES ARISING FROM INFORMATION PROVIDED TO THE DISSEMINATION AGENT BY THE DEVELOPER OR THE FAILURE OF THE DEVELOPER TO PROVIDE INFORMATION TO THE DISSEMINATION AGENT AS AND WHEN REQUIRED UNDER THE DISCLOSURE AGREEMENT OF DEVELOPER. The indemnification of the Dissemination Agent as provided in this section shall remain in full force and effect if liabilities directly or indirectly result from, arise out of, or relate to, or are asserted to have resulted from, arisen out of, or related to, the sole or contributory negligence of the Dissemination Agent. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 6 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure

Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in the District, against any loss, expense and liabilities which the Administrator may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability arising under this Disclosure Agreement, but excluding (i) liabilities due to the Dissemination Agent's negligence or willful misconduct and (ii) liabilities resulting from claims made by the Issuer against the Administrator; provided, however, that nothing herein shall be construed to require the Issuer to indemnify and hold harmless the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement (including expenses related to consultation of legal counsel as provided in Section 12(a) and 12(b)) constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in the District for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and Administrator each respectively makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred

by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

a. Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

d. No Boycott of Energy Companies. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the

Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law and Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Harris County, Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

CITY OF FRIENDSWOOD, TEXAS

By: _____
Mayor

WILMINGTON TRUST, NATIONAL
ASSOCIATION
(as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL ISSUER REPORT][ANNUAL COLLECTIONS REPORT]
[AUDITED/UNAUDITED FINANCIAL STATEMENTS]**

Name of Issuer: City of Friendswood, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024
(Friendswood City Center Public Improvement District Initial
Major Improvements Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Friendswood, Texas (the “Issuer”), has not provided [an Annual Issuer Report][an Annual Collections Report][audited/unaudited financial statements] with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of November 1, 2024, by and among the Issuer, P3Works, LLC, as “Administrator,” and Wilmington Trust, National Association, as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][the Annual Collections Report][audited/unaudited financial statements] will be filed by _____.

Dated: [DATE]

Wilmington Trust, National Association,
on behalf of the City of Friendswood, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Friendswood, Texas

EXHIBIT B

**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL
MAJOR IMPROVEMENTS PROJECT)**

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: [_____] ☐
City: [] ☐
Telephone: () ____-____
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				—
				—
Total				

Section 4(a)(i)(B)

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value ⁽¹⁾	Book Value ⁽¹⁾	Market Value ⁽¹⁾

(1) As such information is provided by the Trustee.

*Excluding audited financial statements of the Issuer

Section 4(a)(i)(C)**ASSETS AND LIABILITIES OF TRUST ESTATE**

Cash Position of Trust Estate for statements dated September 30, 20[]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[] Trust Statements: ☐ Audited ☐ Unaudited

Accounting Type: ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
---	------------------	-----------------	--------------

Top [Five] Assessment Payers in the District⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
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⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of the District

The [YEAR] certified total assessed value for the Assessed Property in the District is approximately \$[AMOUNT] according to the Harris Central Appraisal District.

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent Assessment Amount not in Foreclosure Proceedings</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Assessment Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Total Annual Installment Billed</u>	<u>Parcels Levied⁽¹⁾</u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent % as of 3/1</u>	<u>Delinquent Amount as of [9/1]</u>	<u>Delinquent % as of [9/1]</u>	<u>Total Assessments Collected⁽²⁾</u>
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽²⁾ [Does/does not] include interest and penalties.

Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent % as of 9/1</u>	<u>Parcel Numbers</u>
20__	%	
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
20__		\$		\$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)

[Insert a line item for each applicable listing]

EXHIBIT C

**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR
IMPROVEMENTS PROJECT)**

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: [_____]
City: [_____, Texas _____]
Telephone: (____) ____ - ____
Contact Person: Attn: _____

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO
THE COLLECTION OF ASSESSMENTS COVERING THE PERIOD BEGINNING WITH
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN
COMPLIANCE WITH SUBSECTION 5(A) OF THE ISSUER'S DISCLOSURE
AGREEMENT**

Foreclosure History Related To The Annual Installments⁽¹⁾

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure <u>Proceedings</u>	Parcels in Foreclosure <u>Proceedings</u>	Delinquent Annual Installment Amount in Foreclosure <u>Proceedings</u>	<u>Foreclosure</u> <u>Sales</u>	Foreclosure Proceeds <u>Received</u>
20__	\$ _____		\$ _____		\$ _____

(i) Period covered includes December 1, 20__ through March 1, 20__.

Collection and Delinquency of Annual Installments ⁽¹⁾

Succeeding Fiscal Year 20__	Total Annual Installments <u>Levied</u> \$	Parcels <u>Levied</u> ⁽²⁾	Delinquent Amount as <u>of 3/1</u> \$	Delinquent % <u>as of 3/1</u> %	Total Annual Installments <u>Collected</u> ⁽³⁾ \$
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⁽¹⁾ Period covered includes December 1, 20__ through March 1, 20__.

⁽²⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments ⁽¹⁾

Succeeding Fiscal Year	Number of <u>Prepayments</u>	Amount of <u>Prepayments</u> \$	<u>Bond Call Date</u>	Amount of Bonds <u>Redeemed</u> \$
---------------------------	---------------------------------	---------------------------------------	-----------------------	---

⁽¹⁾ Period covered includes December 1, 20__ through March 1, 20__.

EXHIBIT D

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.
		Issuer and/or Administrator should be aware of actual and specific delinquencies
		Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Trustee and the Dissemination Agent should be immediately notified in writing.
		Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.
		At this point, if there is adequate funding for March and September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33 and 34, Texas Tax Code, as amended (the "Code"), and the Harris County Tax Assessor-Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

foreclosure, in accordance with the Harris County Tax Assessor-Collector's procedures².

If there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of the Bond Fund of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the Harris County Tax Assessor-Collector procedures².

March 15 43/44

Trustee as Paying Agent / Registrar pays Bond interest payments to Owners pursuant to the terms of the Indenture.

Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.

Issuer, or the Trustee on behalf of and at the direction of the Issuer pursuant to the terms of the Indenture, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.

Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.

July 1 152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the Harris County Tax Assessor-Collector procedures².

Preliminary Foreclosure activity commences, in accordance with the Harris County Tax Assessor-Collector procedures², and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.

² If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the Indenture, Trustee requests that the Issuer commence foreclosure or provide plan for collection and deliver such plan to the Dissemination Agent.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent s. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court, in accordance with the Harris County Tax Assessor-Collector procedures³.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

³ If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

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APPENDIX D-2

FORM OF DEVELOPER DISCLOSURE AGREEMENT

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**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of November 1, 2024 (this “Disclosure Agreement”) is executed and delivered by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”) and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project)” (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of November 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Affiliate” shall mean an entity that owns property within the District and is controlled by, controls, or is under common control with the Developer.

“Amenities” shall have the meaning given to it in the Limited Offering Memorandum.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Service Plan Update” shall mean the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Assessment Roll” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the Issuer or the Trustee or any national holiday observed by the Trustee.

“Certification Letter” shall mean a certification letter provided by a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean, Madison Development Corp., LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer dated as of November 1, 2024 executed and delivered by the Issuer, the Administrator and the Dissemination Agent.

“Dissemination Agent” shall mean Wilmington Trust, National Association, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Friendswood City Center Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Initial Major Improvements” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Friendswood, Texas.

“Limited Offering Memorandum” shall mean the Limited Offering Memorandum for the Bonds dated November 4, 2024.

“Listed Events” shall mean any of the events listed in Section 4(a) and 4(b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall mean the registered owner of any Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Person” shall have the meaning assigned to such term in the Indenture.

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

“Purchase Agreement” shall mean any contract between one or more entities and the Developer to purchase land in the District.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning March 31, 2025.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being May 15, August 15, November 15, and February 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Owners.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Owner” shall mean any landowner, other than the Developer, that then owns property within the District representing at least five percent (5%) of the total Annual Installments of the Assessments as of each Quarterly Ending Date.

“Significant Owner Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall mean Wilmington Trust, National Association, a national banking association, acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Owner that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with March 31, 2025, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party

shall provide, or cause to be provided, such Quarterly Information until such party's obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Owner and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Owner until a Significant Owner Acknowledgement (as defined herein) with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly Information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and direct the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, with a copy to each Reporting Party, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. Pursuant to the written direction of the Administrator, the Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly

Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement. If any Reporting Party or the Administrator does not provide the information required by Sections 3(a) or (b) in a timely manner or incomplete Quarterly Information is provided by any Reporting Party, the Dissemination Agent shall not be responsible for the failure to submit a complete Quarterly Information or Quarterly Report to the MSRB.

(d) Each Quarterly Report shall be in the form substantially similar to, and contain the information listed in, the form attached as Exhibit A hereto.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within the District on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within the District to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4(a) nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within the District, including the Initial Major Improvements;

(iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of the District (including financing for vertical improvements in the District) undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within the District owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of development of the District, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Owner is a Significant Owner Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within the District on a lot or parcel owned by such Significant Owner; provided, however, that the exercise of any right of such Significant Owner as a landowner within the District to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Owner Listed Event under this Section 4(b) nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Owner or any determination that such Significant Owner is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Owner or the sale of all or substantially all of the assets of the Significant Owner, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Owner;

(v) Early termination of or material default by such Significant Owner under a Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such

notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if a Reporting Party is providing Quarterly Information on behalf of any other Reporting Party.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Initial Major Improvements or Amenities to

assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Initial Major Improvements or Amenities in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall provide written direction to the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 6. Assumption of Reporting Obligations by Significant Owner.

(a) If a landowner, other than the Developer, acquires ownership of real property in the District resulting in such landowner becoming a Significant Owner, the Developer may (i) cause such Significant Owner to comply with the Developer’s disclosure obligations under Section 3 and 4(b) hereof with respect to such acquired real property until such party’s disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Owner; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Owner, the Developer may elect in the future to cause such Significant Owner to comply with the Developer’s disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Owner to comply with the Developer’s disclosure obligations, as described in (a) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement from each Significant Owner in substantially the form attached as Exhibit F, acknowledging and assuming the Developer’s obligations under this Disclosure Agreement with respect to the real property transferred (the “Significant Owner Acknowledgment”). Pursuant to Section 4(a)(ix) above, the Developer shall provide written direction to the Dissemination Agent to file a copy of the Significant Owner Acknowledgment with the MSRB, in accordance with Sections 4(d) and 4(e) above. Upon any such transfer to a Significant Owner and such Significant Owner’s delivery of the Significant Owner Acknowledgment, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Owner until the Significant Owner Acknowledgment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership of real property, the Developer shall not be liable for the acts or omissions of such Significant Owner arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer or any Significant Owner, as applicable, under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding or (ii) the Issuer's issuance of the last certificate of occupancy for land owned by the Developer (including, for the avoidance of doubt, any land owned by a Developer Affiliate) or such Significant Owner, respectively.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby, terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) of this Section 7 and any Termination Notice required by subsection (b) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out the obligations of the Reporting Parties under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Wilmington Trust, National Association. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each then-existing Reporting Party of any change in the identity of the Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer and Developer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Developer or Administrator in writing), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 9 to the Issuer and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent any Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, no Reporting Party shall have an obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Owner, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures provided on their behalf by a Reporting Party provided hereunder.

SECTION 12. Default. In the event of a failure of a Reporting Party, Dissemination Agent or Administrator to comply with any provision of this Disclosure Agreement, any Owner or beneficial owner of the Bonds may, and the Trustee (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction against all costs, fees, expenses and liabilities for such actions) shall, take such actions as may be necessary and appropriate to cause the Reporting Party, Dissemination Agent and/or Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer, Dissemination Agent or Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by a Reporting Party, the Dissemination Agent or the Administrator shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by a Reporting Party, the Dissemination Agent or the Administrator. Furthermore, a default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under this Disclosure Agreement by any other Reporting Party, and no Reporting Party shall have any obligation to take any action to mitigate or cure the default of any other Reporting Party.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. THE DEVELOPER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH IT MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF ITS POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. The indemnification of the Dissemination Agent as provided in this section shall remain in full force and effect if liabilities directly or indirectly result from, arise out of, or relate to, or are asserted to have resulted from, arisen out of, or related to, the sole or contributory negligence of the Dissemination Agent. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to hold harmless the Administrator, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to

the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER OR ANY SIGNIFICANT OWNER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT OWNER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of a Reporting Party, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Reporting Party, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from

the property owners in the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law; Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Harris County, Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a delivery receipt from the recipient confirming that the e-mail was delivered with such notice. Failure to provide proof of delivery receipt does not constitute a breach or default under this Disclosure Agreement.

If to Developer:

Madison Development Corp., LLC
Attn: Louis Tannos
505 S. Friendswood Drive, Suite 119
Friendswood, Texas 77546
Email:

With a copy to:

Winstead PC
Attn: Ross S. Martin
500 Winstead Building
2728 N. Harwood Street
E-mail: rmartin@winstead.com

If to the Dissemination Agent or
Trustee:

Wilmington Trust, National Association
Attn: Parker Merritt
15950 North Dallas Parkway, Suite 200
Dallas, TX 75248
E-mail: pmerritt@wilmingtontrust.com

If to Administrator:

P3Works, LLC
9284 Huntington Square, Ste 100
North Richland Hills, Texas 76182
E-mail: admin@p3-works.com

If to the Issuer:

City of Friendswood
Attn: City Manager
910 S Friendswood Drive
Friendswood, Texas 77546
Email: fwdcity@friendswood.com

If to Participating Underwriter:

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034
E-mail: Tdavenport@fmsbonds.com

SECTION 21. Term of Disclosure Agreement. Except for surviving indemnities of the parties to this Disclosure Agreement, this Disclosure Agreement terminates on the earlier of (i) the first date on which none of the Bonds remain Outstanding and (ii) the first date on which the reporting obligations of all Reporting Parties have terminated in accordance with the terms of this Disclosure Agreement.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

[Signature pages follow.]

WILMINGTON TRUST, NATIONAL
ASSOCIATION
(as Dissemination Agent)

By: _____
Authorized Officer

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS
PROJECT

MADISON DEVELOPMENT CORP., LLC, a
Texas limited liability company

By: _____
Name: Louis Tannos
Title: Managing Member

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS
PROJECT)

P3WORKS, LLC
(as Administrator)

By: _____
Title: _____

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT)

EXHIBIT A

**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT
PROJECT)**

QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: _____
City: _____
Telephone: _____
Contact Person: _____

I. Expenditures Paid from Accounts under Indenture

TOTAL BUDGETED COSTS REQUIRED TO COMPLETE INITIAL MAJOR IMPROVEMENTS: \$_____

Of the budgeted costs for the Initial Major Improvements shown in the Service and Assessment Plan:

1. Actual costs drawn from the Initial Major Improvement Account of the Project Fund:
\$_____

II. Status of Initial Major Improvements

Projected/actual completion date of the Initial Major Improvements

1. Completion date of Initial Major Improvements listed in prior Quarterly Report:

2. [Actual/Expected] date of completion of the Initial Major Improvements as of the date of this Quarterly Report: [_____]
3. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [_____]

III. Square Footage/Unit Mix in the District

	Planned Sq. Ft./Units as of the Issuance of the Bonds	Planned Sq. Ft./Units of [Insert Prior Quarterly Ending]	Explanation as to any change to the proposed total number of square feet or units from the Service and Assessment Plan
Inline Food/Retail (Lot Type 1)	76,408		
Mixed Use (Lot Type 2)	268,800		
Hotel (Lot Type 3)	115		
Medical Office (Lot Type 4)	194,050		
Multi-Family with Retail Corridor (Lot Type 5)	750,000		

IV. Ownership of Lots/Units in the District

Landowner	Number of Acres/Lots/Units Owned⁽¹⁾	Expected Use Type (Lot Type 1-5 Classification from Service and Assessment Plan)	Expected Sq. Ft./Unit Count
Developer Owned			
Developer Affiliate Owned			
Unrelated Third Party Owned⁽¹⁾			
Total:			

⁽¹⁾ For any individual residential condominium unit owned by a homeowner, such owner need not be individually listed. Individually owned residential condominiums can be reported on a combined basis.

V. Status of Vertical Construction in the District

Lot	Name of Landowner/ Developer	Number of Actual/Expected Sq. Ft/Units by Lot Type	Actual/Expected Date of Commencement of Vertical Construction	Actual/Expected Date of Completion of Vertical Construction	Explanation of any delays in expected start or completion dates of vertical construction since last Quarterly Report
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

VI. Mortgage Debt of Developer or Developer Affiliates

In the chart below, describe any mortgage loans (whether an existing loan or incurrence of a new mortgage loan) incurred by the Developer or its Affiliates, if applicable, secured by the land subject to the Assessments securing the Bonds.

Borrower (note whether Developer Affiliate)	Lender	Purpose (e.g., property acquisition, vertical development)	Initial Amount	Current Loan Balance	District Property Securing Debt.	Interest Rate	Payment Terms/Maturity Date

VII. Amenities

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES: \$[_____]

Of the \$[_____] [expected/actual] costs of the Amenities:

1. Amount spent as of Quarterly Ending Date: \$[_____]
2. [Actual/Expected] completion date of Amenities: [_____]

VIII. Material Changes/Other Information

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

2. **Ownership** - Since the issuance of the Bonds, other than a sale to a landowner pursuant to a Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?
3. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.
4. **Other** – Provide any other material information that should be disclosed.

[End of Form of Quarterly Report]

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Friendswood, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Friendswood
City Center Public Improvement District Initial Major
Improvements Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP Nos.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer”] [“Significant Owner”]) has not provided the
[Quarterly Information][Quarterly Report] for the period ending on [Insert Quarterly Ending Date]
with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer dated
as of November 1, 2024, by and among Madison Development Corp., LLC, a Texas limited
liability company (the “Developer”), P3Works, LLC (the “Administrator”) and Wilmington Trust,
National Association (the “Dissemination Agent”). [Developer] [Significant Owner] [anticipates
that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

WILMINGTON TRUST, NATIONAL
ASSOCIATION,
on behalf of the [Developer] [Significant Owner]
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Friendswood, Texas

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Friendswood, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP Nos.]
Date of Delivery: _____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Madison Development Corp., LLC,
505 S. Friendswood Drive, Suite 119
Friendswood, Texas 77546

City of Friendswood, Texas
910 S Friendswood Drive
Friendswood, Texas 77546

[SIGNIFICANT OWNER]

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 200
Dallas, TX 75248

NOTICE IS HEREBY GIVEN that _____, a _____ (the [“Developer”] [“Significant Owner”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby, terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer dated as of November 1, 2024, by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”) and Wilmington Trust, National Association (the “Dissemination Agent”).

Dated: _____

P3Works, LLC
on behalf of the [Developer] [Significant Owner]
(as Administrator)

By: _____

Title: _____

EXHIBIT D
CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Friendswood, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Friendswood
City Center Public Improvement District Initial Major
Improvements Project)
CUSIP Nos. [insert CUSIP Nos.]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Friendswood City Center Public Improvement District
To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer dated as of November 1, 2024, by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”) Wilmington Trust, National Association (the “Dissemination Agent”), this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer] [_____, as a “Significant Owner”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer] [Significant Owner], constitutes the [portion of the] Quarterly Report required to be furnished by [Developer] [Significant Owner]. Any and all Quarterly Information, provided by the [Developer] [Significant Owner], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

MADISON DEVELOPMENT CORP., LLC, a
Texas limited liability company

By: _____
Name: _____
Title: _____

OR

[SIGNIFICANT OWNER]
(as Significant Owner)
By: _____
Title: _____]

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

**Re: Friendswood City Center Public Improvement District – Continuing Disclosure
Obligation**

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 20__, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the Initial Major Improvements or Amenities (as such terms are defined in the Disclosure Agreement of Developer (as defined herein) within the Friendswood City Center Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and Wilmington Trust, National Association (the “Dissemination Agent”), with respect to the “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Initial Major Improvements or Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

MADISON DEVELOPMENT CORP., LLC, a
Texas limited liability company

By: _____
Name: _____
Title: _____

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____
Title: _____

EXHIBIT F

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT OWNER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT OWNER CONTACT INFORMATION]

Re: Friendswood City Center Public Improvement District– Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ acres within the Friendswood City Center Public Improvement District (the “District”), which property represents ____ percent (___%) of the total Annual Installments of the Assessments.

Pursuant to Section 2 of the Continuing Disclosure Agreement of the Developer (the “Disclosure Agreement”) dated as of November 1, 2024, by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”) and Wilmington Trust, National Association, a national banking association (the “Dissemination Agent”), with respect to the “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project),” any entity that owns land within the District representing at least five percent (5%) of the total Annual Installments of the Assessments is defined as a Significant Owner.

As a Significant Owner, pursuant to Section 6 of the Disclosure Agreement, you acknowledge and assume the reporting obligations under Sections 3(d) and 4(b) of the Disclosure Agreement for the property which is owned as detailed in the Disclosure Agreement, which is included herewith.

Sincerely,

MADISON DEVELOPMENT CORP., LLC, a
Texas limited liability company

By: _____
Name: _____
Title: _____

Acknowledged by:

[INSERT SIGNIFICANT OWNER NAME]

By: _____
Title: _____
Address: _____
Phone Number: _____

APPENDIX E
APPRAISAL

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Appraisal of Real Property

Friendswood City Center Public Improvement District
Land and Proposed Retail Buildings
South side of FM-528, west of W. Bay Area Boulevard
Friendswood, Harris County, Texas 77546

Prepared For:
FMSbonds, Inc.

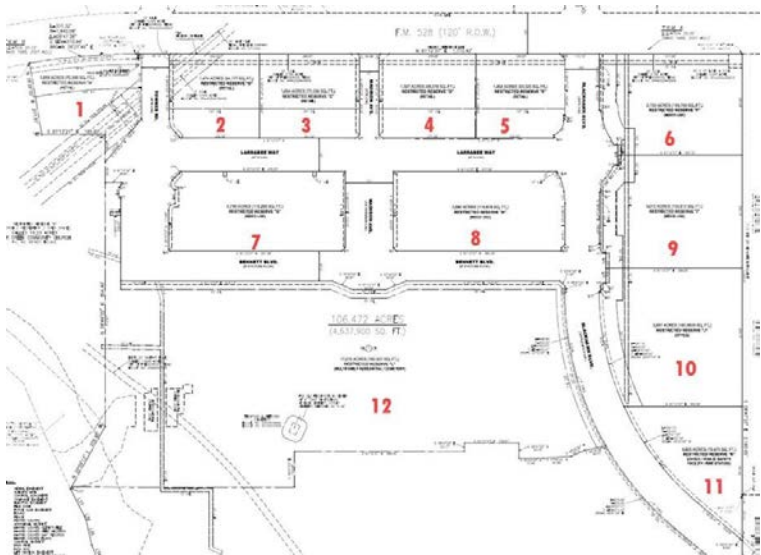
Date of the Report:
July 24, 2024

Report Format:
Appraisal Report

IRR - Dallas
File Number: 191-2024-0454



Subject Photographs



Friendswood City Center Public Improvement District
South side of FM-528, west of W. Bay Area Boulevard
Friendswood, Texas

Aerial Photograph





July 24, 2024

Mr. R.R. "Tripp" Davenport, III
Director
FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, TX 75034

SUBJECT: Market Value Appraisal
 Friendswood City Center Public Improvement District
 South side of FM-528, west of W. Bay Area Boulevard
 Friendswood, Harris County, Texas 77546
 IRR - Dallas File No. 191-2024-0454

Dear Mr. Davenport, III:

Integra Realty Resources – Dallas is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the fee simple and leased fee interest in the properties as of the effective date of the appraisal. The following opinions of value are provided:

- Current market value of Lot 1 (Vacant Land) "As Is"
- Prospective market value of Lot 1 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 2 (Vacant Land) "As Is"
- Prospective market value of Lot 2 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 3 (Vacant Land) "As Is"
- Prospective market value of Lot 3 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 4 (Vacant Land) "As Is"
- Prospective market value of Lot 4 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 5 (Vacant Land) "As Is"
- Prospective market value of Lot 5 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Prospective market value of Lot 6 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 7 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 8 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 9 "As Complete" as of 5/31/25 (Vacant Land)

- Prospective market value of Lot 10 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 11 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 12 "As Complete" as of 5/31/25 (Vacant Land)

The client for the assignment is FMSbonds, Inc., and the intended use is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the PID; provided that it is acknowledged that this appraisal will be included in a limited offering memorandum for PID bonds.

Subject Identification

The subject represents 12 lots within the Friendswood City Center Public Improvement District (the "PID"). Currently, six of the 12 lots (1-6) are developable with the remaining lots requiring infrastructure which is scheduled for completion by May 31, 2025. In addition, portions, or all, of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process. However, Lots 1-5 are currently ready for vertical development and are to be improved with retail buildings as of the effective date of the appraisal. Our valuation also includes both the land values as well as the improvement values for these improvements on a stabilized basis. The 12 lots are zoned under a PUD (Planned Unit Development) which allows for office, retail and multi-family uses.

The unit mix for the subject follows:

Friendswood City Center Public Improvement District				
Parcel/Building	Legal	Size/Acres	Building Size SF	Expected Completion Date
Lot 1	(Reserve A)	1.659	N/A	July 5, 2024
Lot 2	(Reserve B)	1.474	N/A	July 5, 2024
Lot 3	(Reserve C)	1.654	N/A	July 5, 2024
Lot 4	(Reserve D)	1.597	N/A	July 5, 2024
Lot 5	(Reserve E)	1.454	N/A	July 5, 2024
Lot 6	(Reserve F)	2.75	N/A	May 31, 2025
Lot 7	(Reserve G)	2.716	N/A	May 31, 2025
Lot 8	(Reserve H)	2.66	N/A	May 31, 2025
Lot 9	(Reserve I)	3.072	N/A	May 31, 2025
Lot 10	(Reserve J)	3.687	N/A	May 31, 2025
Lot 11	(Reserve K)	1.806	N/A	May 31, 2025
Lot 12	(Reserve L)	17.515	N/A	May 31, 2025
Building 1	(Reserve A)	1.659	15,374	May 31, 2025
Building 2	(Reserve B)	1.474	14,880	May 31, 2025
Building 3	(Reserve C)	1.654	16,608	May 31, 2025
Building 4	(Reserve D)	1.597	14,862	May 31, 2025
Building 5	(Reserve E)	1.454	14,684	May 31, 2025

It is noted that the building sizes used for valuation differ slightly from the concept plan found herein. However, the size differential is minimal and is not considered to materially affect our value opinions.

The subject's Lots 1-5 are proposed to be developed with 76,408 square feet of retail shopping center improvements. Each lot will be developed with a single-story, multitenant retail building with an expected completion date of May 31, 2025. Lots 1-4 will feature traditional retail storefronts with an expected tenant mix including limited and full-service restaurants and in-line general retail among others. Lot 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Lot 5 is assumed to be similar retail uses as Lots 1-4. Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions			
Parcel/Building Name	Interest Appraised	Date of Value	Value Conclusion
Lot 1	Fee Simple	July 5, 2024	\$1,450,000
Lot 2	Fee Simple	July 5, 2024	\$1,280,000
Lot 3	Fee Simple	July 5, 2024	\$1,440,000
Lot 4	Fee Simple	July 5, 2024	\$1,390,000
Lot 5	Fee Simple	July 5, 2024	\$1,270,000
Lot 6	Fee Simple	May 31, 2025	\$3,050,000
Lot 7	Fee Simple	May 31, 2025	\$2,720,000
Lot 8	Fee Simple	May 31, 2025	\$2,090,000
Lot 9	Fee Simple	May 31, 2025	\$3,080,000
Lot 10	Fee Simple	May 31, 2025	\$2,890,000
Lot 11	Fee Simple	May 31, 2025	\$1,240,000
Lot 12	Fee Simple	May 31, 2025	\$16,020,000
Building 1	Leased Fee	May 31, 2025	\$8,330,000
Building 2	Leased Fee	May 31, 2025	\$8,070,000
Building 3	Leased Fee	May 31, 2025	\$8,970,000
Building 4	Leased Fee	May 31, 2025	\$8,060,000
Building 5	Leased Fee	May 31, 2025	\$10,710,000



Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, building sizes, building quality, dates of completion and other pertinent data that was provided by Boundary One (surveyors), WGA (Consulting Engineers), Madison Development Corporation, LLC (developer/owner), the city of Friendswood, and the Harris Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 31, 2025, the effective appraisal date.
4. It is noted that portions of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process.
5. Our opinion of prospective market value at completion assumes that the proposed improvements will be complete and stabilized as of May 31, 2025, the effective appraisal date.
6. Our opinion of prospective market value at completion assumes that all Phase 1 infrastructure will be complete in accordance with plans and specifications as of May 31, 2025, while Phase 2 infrastructure will be complete in accordance with plans and specifications as of October 31, 2026.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

Mr. R.R. "Tripp" Davenport, III
FMSbonds, Inc.
July 24, 2024
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

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Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is Jimmy H. Jackson, MAI.

Executive Summary

Property Name	Friendswood City Center Public Improvement District		
Address/Location	South side of FM-528, west of W. Bay Area Boulevard Friendswood, Harris County, Texas 77546		
Property Type	Land and Proposed Retail Buildings - Commercial		
Owner of Record	Madison Development Corporation LLC, Hill Gage Development LLC, Ajay K. Jain, Lone Star Campus R1 LLC, and Tima Holdings LLC		
Tax ID	0432150000130, 1413970000001, and 1413970000003		
Legal Description	Reserve A-L, Friendswood City Center (aka Lots 1-12)		
School District	Clear Creek ISD		
Lot 1	1.659 acres; 72,266 SF		
Lot 2	1.474 acres; 64,207 SF		
Lot 3	1.654 acres; 72,048 SF		
Lot 4	1.597 acres; 69,565 SF		
Lot 5	1.454 acres; 63,336 SF		
Lot 6	2.750 acres; 119,790 SF		
Lot 7	2.716 acres; 118,309 SF		
Lot 8	2.660 acres; 115,870 SF		
Lot 9	3.072 acres; 133,816 SF		
Lot 10	3.687 acres; 160,606 SF		
Lot 11	1.806 acres; 78,669 SF		
Lot 12	17.515 acres; 762,953 SF		
Building 1	15,374 SF		
Building 2	14,880 SF		
Building 3	16,608 SF		
Building 4	14,862 SF		
Building 5	14,684 SF		
Zoning Designation	PUD (Planned Unit Development), Mixed-use		
Highest and Best Use	Mixed-use		
Highest and Best Use - As Improved	Mixed-use		
Exposure Time; Marketing Period	9 - 12 months; 9 - 12 months		
Effective Date of the Appraisal	May 31, 2025	July 5, 2024	
Date of the Report	July 24, 2024		
Property Interest Appraised	Fee Simple And Leased Fee		

Value Conclusions

Parcel/Building Name	Interest Appraised	Date of Value	Value Conclusion
Lot 1	Fee Simple	July 5, 2024	\$1,450,000
Lot 2	Fee Simple	July 5, 2024	\$1,280,000
Lot 3	Fee Simple	July 5, 2024	\$1,440,000
Lot 4	Fee Simple	July 5, 2024	\$1,390,000
Lot 5	Fee Simple	July 5, 2024	\$1,270,000
Lot 6	Fee Simple	May 31, 2025	\$3,050,000
Lot 7	Fee Simple	May 31, 2025	\$2,720,000
Lot 8	Fee Simple	May 31, 2025	\$2,090,000
Lot 9	Fee Simple	May 31, 2025	\$3,080,000
Lot 10	Fee Simple	May 31, 2025	\$2,890,000
Lot 11	Fee Simple	May 31, 2025	\$1,240,000
Lot 12	Fee Simple	May 31, 2025	\$16,020,000
Building 1	Leased Fee	May 31, 2025	\$8,330,000
Building 2	Leased Fee	May 31, 2025	\$8,070,000
Building 3	Leased Fee	May 31, 2025	\$8,970,000
Building 4	Leased Fee	May 31, 2025	\$8,060,000
Building 5	Leased Fee	May 31, 2025	\$10,710,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than FMSBonds, Inc. may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, building sizes, building quality, dates of completion and other pertinent data that was provided by Boundary One (surveyors), WGA (Consulting Engineers), Madison Development Corporation, LLC (developer/owner), the city of Friendswood, and the Harris Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 31, 2025, the effective appraisal date.
4. It is noted that portions of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process.
5. Our opinion of prospective market value at completion assumes that the proposed improvements will be complete and stabilized as of May 31, 2025, the effective appraisal date.
6. Our opinion of prospective market value at completion assumes that all Phase 1 infrastructure will be complete in accordance with plans and specifications as of May 31, 2025, while Phase 2 infrastructure will be complete in accordance with plans and specifications as of October 31, 2026.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences
Strengths • Limited amount of available land in market area • Simple development plan • The property is located in a fast-growing area. • Easy access to major thoroughfares • Close proximity to employment centers • The property is located within a Public Improvement District. • Good school district • Strong demand for commercial land in market area • Close to airport
Weaknesses • Potential competition from other developments • Land loss to floodplain
Opportunities • Demand for multi-family housing continues to grow • Large number of new homes under construction in the immediate area • Development possibilities • Demand for commercial properties
Threats • Although Federal Reserve Chairman Powell remains non-committal, it is certain that the Federal Reserve will continue to closely monitor inflationary factors as well as unemployment in the U.S. economy. Based on favorable and positive unemployment as well as other inflationary measures, the Fed could decide to keep interest rates stable or even implement a series of interest rate cuts beginning in mid-2024. This inflation/unemployment monitoring will continue on a quarterly basis throughout the remainder of 2024. As such, depending on inflation factors/unemployment figures, there could still be emerging upward pressure on lending interest rates. • Continued economic downturn/inflation pressures testing the U.S. and local economies



Identification of the Appraisal Problem

Subject Description

The subject represents 12 lots within the Friendswood City Center Public Improvement District (the "PID"). Currently, six of the 12 lots (1-6) are developable with the remaining lots requiring infrastructure which is scheduled for completion by May 31, 2025. In addition, portions, or all, of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process. However, Lots 1-5 are currently ready for vertical development and are to be improved with retail buildings as of the effective date of the appraisal. Our valuation also includes both the land values as well as the improvement values for these improvements on a stabilized basis. The 12 lots are zoned under a PUD (Planned Unit Development) which allows for office, retail and multi-family uses.

The subject's Lots 1-5 are proposed to be developed with 76,408 square feet of retail shopping center improvements. Each lot will be developed with a single-story, multitenant retail building with an expected completion date of May 31, 2025. Lots 1-4 will feature traditional retail storefronts with an expected tenant mix including limited and full-service restaurants and in-line general retail among others. Lot 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Lot 5 is assumed to be similar retail uses as Lots 1-4. Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date.

A legal description of the property is provided in the addenda.

Property Identification	
Property Name	Friendswood City Center Public Improvement District
Address	South side of FM-528, west of W. Bay Area Boulevard Friendswood, Texas 77546
Tax ID	0432150000130, 1413970000001, and 1413970000003
Owner of Record	Madison Development Corporation LLC, Hill Gage Development LLC, Ajay K. Jain, Lone Star Campus R1 LLC, and Tima Holdings LLC

Sale History

The parent tract (106.472 acres) was purchased in 2023. Subsequently, in 2024, five of the six frontage tracts (Lots 1-5) have been sold to other entities. A summary of the recent closed sales of the subject is summarized as follows:



Lot Sale/Contract Summary

Lot #	Reserve	Buyers Name	Sale Date	Lot Size/Acres	Sales Price	Sales Price/SF
	Name					
Parent Tract	N/A	Madison Development	February 23, 2023	106.472	\$10,000,000	\$2.16
3	C	Hill Gage Development	March 27, 2024	1.654	\$1,440,965	\$20.00
4/5	D/E	Ajay K. Jain	March 27, 2024	3.051	\$2,127,819	\$16.01
2	B	Tima Holdings	March 22, 2024	1.474	\$1,155,734	\$18.00
1	A	Lone Star Campus R1	July 15, 2024	1.659	\$1,445,320	\$20.00
12	L	Lone Star Campus MFH	Pending	17.515	\$20,000,000	\$26.21

No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date. It is noted that the sales prices for Lots 2, 4, and 5 appear to be below market value. We were unable to get a satisfactory explanation for this fact. However, it was explained that all of the purchasers have done business with the subject developer in the past and possible discounts were given due to this prior business history. It is also noted that Lot 12 appears to be an above market price which was acknowledged by the purchaser. The reasoning given was not totally understood by the appraiser.

Pending Transactions

To the best of our knowledge, the property, as a whole, is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. However, all of the remaining sites are reportedly in negotiations to sell.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- Current market value of Lot 1 (Vacant Land) "As Is"
- Prospective market value of Lot 1 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 2 (Vacant Land) "As Is"
- Prospective market value of Lot 2 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 3 (Vacant Land) "As Is"
- Prospective market value of Lot 3 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 4 (Vacant Land) "As Is"
- Prospective market value of Lot 4 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 5 (Vacant Land) "As Is"
- Prospective market value of Lot 5 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Prospective market value of Lot 6 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 7 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 8 "As Complete" as of 5/31/25 (Vacant Land)

- Prospective market value of Lot 9 “As Complete” as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 10 “As Complete” as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 11 “As Complete” as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 12 “As Complete” as of 5/31/25 (Vacant Land)

The date of the report is July 24, 2024. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.²

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. [Chicago: Appraisal Institute, 2022])

Prospective Market Value As Completed

The market value of a property as of a future date when all construction is expected to be completed. It is based on market conditions forecasted to exist as of the completion date. This value premise assumes the project is complete and ready to lease to individual tenants.³

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁴

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.⁵

Client and Intended User(s)

The client and intended user is FMSbonds, Inc. No other party(s) is intended to rely on the information, opinions, and conclusions contained in this report; provided that it is acknowledged that this appraisal will be used in a limited offering memorandum for PID bonds.

Intended Use

The intended use of the appraisal is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the "PID". The appraisal is not intended for any other use.

³ Compiled and summarized from several industry sources

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
- Applicable state appraisal regulations

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, property zoning, existing easements and encumbrances, access and exposure were confirmed and analyzed.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Ernest Gatewood	On-site	July 5, 2024
Jimmy H. Jackson, MAI	None	N/A
Stephen M. Lechtenberg	None	N/A



Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Not Applicable	Not Utilized

The Sales Comparison Approach involves research, verification, and comparison of sales of other vacant lots. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file.

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file. Cost figures were obtained from the developer and compared to cost figures on competing developments. The cost figures are based on actual costs provided by the developer. Developer’s profit is based on profit expectations reported by developers as well as actual profit on similar developments.

In the Income Capitalization Approach, specific appraisal techniques are applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.



Economic Analysis

Harris and Galveston County Area Analysis

The subject is located in south Harris County adjacent to north Galveston County. Therefore, data from both is presented. Harris County is located in Southeast Texas. It is 1,703 square miles in size and has a population density of 2,849 persons per square mile. Galveston County is located in Southeast Texas. It is 378 square miles in size and has a population density of 960 persons per square mile.

Population

Harris County has an estimated 2024 population of 4,853,628, which represents an average annual 0.6% increase over the 2020 census of 4,731,145. Harris County added an average of 30,621 residents per year over the 2020-2024 period, but its annual growth rate lagged the Houston MSA rate of 1.4%.

Looking forward, Harris County's population is projected to increase at a 0.6% annual rate from 2024-2029, equivalent to the addition of an average of 30,265 residents per year. Harris County's growth rate is expected to lag that of the Houston MSA, which is projected to be 1.0%.

Population Trends					
	Population			Compound Ann. % Chng	
	2020 Census	2024 Estimate	2029 Projection	2020 - 2024	2024 - 2029
Harris County, TX	4,731,145	4,853,628	5,004,953	0.6%	0.6%
Houston-The Woodlands et al, TX Metro	7,122,240	7,518,993	7,885,011	1.4%	1.0%
Texas	29,145,505	30,665,339	32,119,807	1.3%	0.9%
USA	331,449,281	336,157,119	344,209,992	0.4%	0.5%
Source: Claritas					

Population

Galveston County has an estimated 2024 population of 363,292, which represents an average annual 0.9% increase over the 2020 census of 350,682. Galveston County added an average of 3,153 residents per year over the 2020-2024 period, but its annual growth rate lagged the Houston MSA rate of 1.4%.

Looking forward, Galveston County's population is projected to increase at a 0.8% annual rate from 2024-2029, equivalent to the addition of an average of 2,915 residents per year. Galveston County's growth rate is expected to lag that of the Houston MSA, which is projected to be 1.0%.

Population Trends					
	Population			Compound Ann. % Chng	
	2020 Census	2024 Estimate	2029 Projection	2020 - 2024	2024 - 2029
Galveston County, TX	350,682	363,292	377,868	0.9%	0.8%
Houston-The Woodlands et al, TX Metro	7,122,240	7,518,993	7,885,011	1.4%	1.0%
Texas	29,145,505	30,665,339	32,119,807	1.3%	0.9%
USA	331,449,281	336,157,119	344,209,992	0.4%	0.5%
Source: Claritas					



Employment

Total employment in Harris County was estimated at 2,424,560 jobs as of June 2023. Between year-end 2013 and 2023, employment rose by 197,723 jobs, equivalent to an 8.9% increase over the entire period. There were gains in employment in seven out of the past ten years. Although Harris County's employment rose over the last decade, it underperformed the Houston MSA, which experienced an increase in employment of 14.9% or 417,130 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, Harris County has had a 5.3% average unemployment rate, which is the same as the rate for the Houston MSA. The two areas are performing similarly according to this measure.

Recent data shows that Harris County has a 3.8% unemployment rate, which is the same as the rate for the Houston MSA.

Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Harris County	% Change	Houston MSA	% Change	Harris County	Houston MSA
2013	2,226,837		2,796,702		6.1%	6.1%
2014	2,314,759	3.9%	2,910,781	4.1%	5.1%	5.0%
2015	2,303,396	-0.5%	2,911,751	0.0%	4.7%	4.6%
2016	2,270,911	-1.4%	2,893,469	-0.6%	5.3%	5.3%
2017	2,298,852	1.2%	2,949,308	1.9%	5.1%	5.1%
2018	2,348,474	2.2%	3,024,740	2.6%	4.5%	4.4%
2019	2,376,913	1.2%	3,073,972	1.6%	3.9%	3.8%
2020	2,225,006	-6.4%	2,896,849	-5.8%	9.0%	8.7%
2021	2,341,417	5.2%	3,063,436	5.8%	6.4%	6.3%
2022	2,407,093	2.8%	3,184,018	3.9%	4.2%	4.2%
2023*	2,424,560	0.7%	3,213,832	0.9%	4.4%	4.4%
Overall Change 2013-2023	197,723	8.9%	417,130	14.9%		
Avg Unemp. Rate 2013-2023					5.3%	5.3%
Unemployment Rate - December 2023					3.8%	3.8%

*Total employment data is as of June 2023.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment

Total employment in Galveston County was estimated at 123,256 jobs as of June 2023. Between year-end 2013 and 2023, employment rose by 23,055 jobs, equivalent to a 23.0% increase over the entire period. There were gains in employment in eight out of the past ten years. Galveston County's rate of employment growth over the last decade surpassed that of the Houston MSA, which experienced an increase in employment of 14.9% or 417,130 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Galveston County unemployment rate has been generally higher than that of the Houston MSA, with an average unemployment rate of 5.6% in comparison to a 5.3% rate for the Houston MSA. A higher unemployment rate is a negative indicator.

Recent data shows that the Galveston County unemployment rate is 3.7% in comparison to a 3.8% rate for the Houston MSA, a positive sign that is consistent with the fact that Galveston County has outperformed the Houston MSA in the rate of job growth over the past two years.

Employment Trends

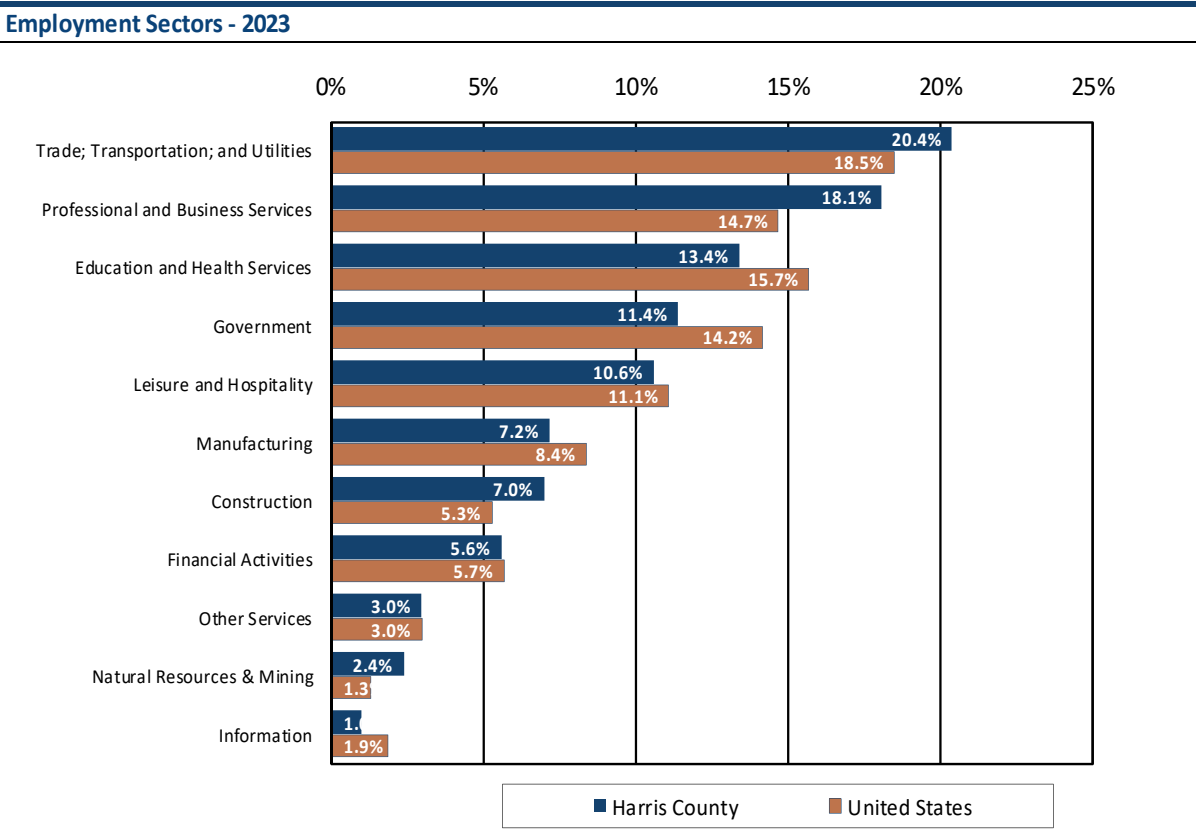
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Galveston County	% Change	Houston MSA	% Change	Galveston County	Houston MSA
2013	100,201		2,796,702		6.9%	6.1%
2014	102,592	2.4%	2,910,781	4.1%	5.7%	5.0%
2015	105,439	2.8%	2,911,751	0.0%	5.0%	4.6%
2016	110,204	4.5%	2,893,469	-0.6%	5.3%	5.3%
2017	110,931	0.7%	2,949,308	1.9%	5.3%	5.1%
2018	110,077	-0.8%	3,024,740	2.6%	4.7%	4.4%
2019	112,278	2.0%	3,073,972	1.6%	4.1%	3.8%
2020	106,328	-5.3%	2,896,849	-5.8%	8.8%	8.7%
2021	113,608	6.8%	3,063,436	5.8%	6.6%	6.3%
2022	121,987	7.4%	3,184,018	3.9%	4.4%	4.2%
2023*	123,256	1.0%	3,213,832	0.9%	4.4%	4.4%
Overall Change 2013-2023	23,055	23.0%	417,130	14.9%		
Avg Unemp. Rate 2013-2023					5.6%	5.3%
Unemployment Rate - April 2024					3.7%	3.8%

*Total employment data is as of June 2023.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Harris County job market is depicted in the chart below. A complete data set is not available for the Houston MSA, so Harris County will be compared to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Harris County jobs in each category.



Source: U.S. Bureau of Labor Statistics and Moody's Analytics



Harris County has greater concentrations than the United States in the following employment sectors:

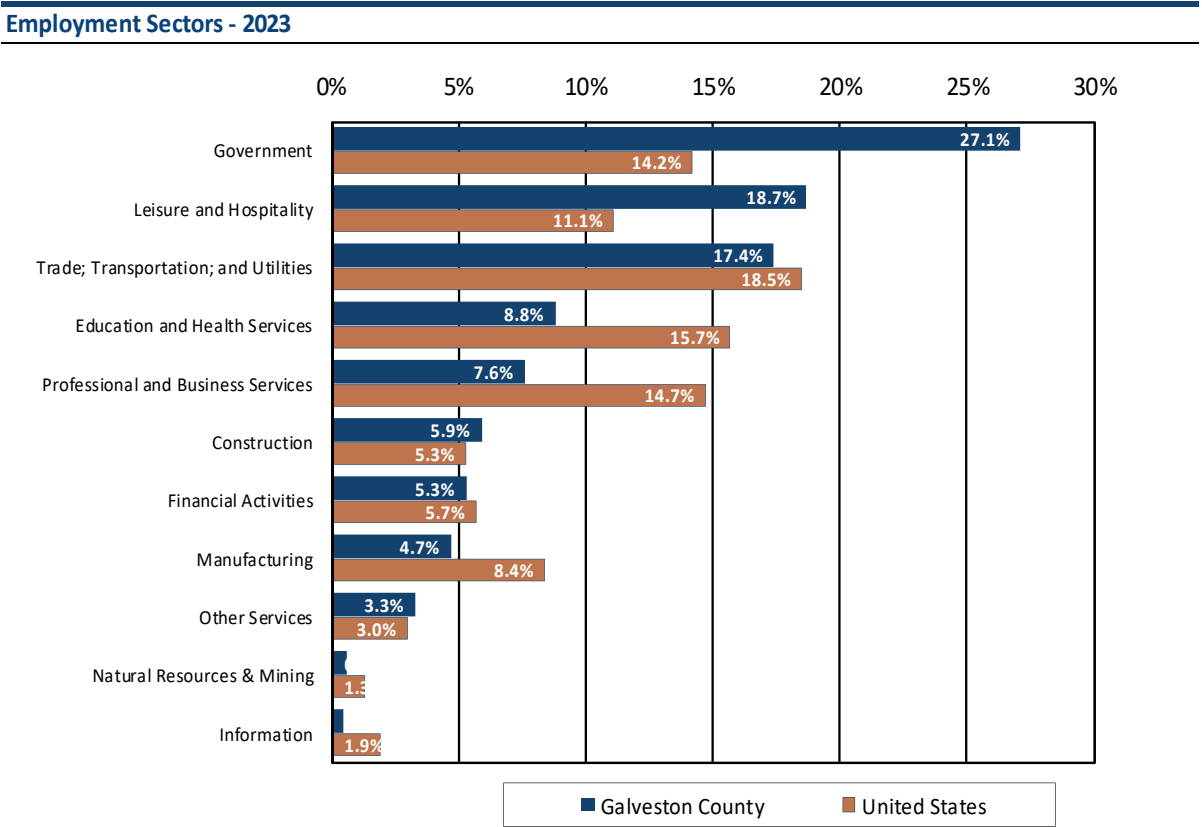
1. Trade; Transportation; and Utilities, representing 20.4% of Harris County payroll employment compared to 18.5% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Professional and Business Services, representing 18.1% of Harris County payroll employment compared to 14.7% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Construction, representing 7.0% of Harris County payroll employment compared to 5.3% for the nation overall. This sector includes construction of buildings, roads, and utility systems.
4. Natural Resources & Mining, representing 2.4% of Harris County payroll employment compared to 1.3% for the nation overall. Agriculture, mining, quarrying, and oil and gas extraction are included in this sector.

Harris County is underrepresented in the following sectors:

1. Education and Health Services, representing 13.4% of Harris County payroll employment compared to 15.7% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Government, representing 11.4% of Harris County payroll employment compared to 14.2% for the nation overall. This sector includes employment in local, state, and federal government agencies.
3. Leisure and Hospitality, representing 10.6% of Harris County payroll employment compared to 11.1% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Manufacturing, representing 7.2% of Harris County payroll employment compared to 8.4% for the nation overall. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Employment Sectors

The composition of the Galveston County job market is depicted in the chart below. A complete data set is not available for the Houston MSA, so Galveston County will be compared to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Galveston County jobs in each category.



Source: U.S. Bureau of Labor Statistics and Moody's Analytics



Galveston County has greater concentrations than the United States in the following employment sectors:

1. Government, representing 27.1% of Galveston County payroll employment compared to 14.2% for the nation overall. This sector includes employment in local, state, and federal government agencies.
2. Leisure and Hospitality, representing 18.7% of Galveston County payroll employment compared to 11.1% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Construction, representing 5.9% of Galveston County payroll employment compared to 5.3% for the nation overall. This sector includes construction of buildings, roads, and utility systems.
4. Other Services, representing 3.3% of Galveston County payroll employment compared to 3.0% for the nation overall. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.

Galveston County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 17.4% of Galveston County payroll employment compared to 18.5% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Education and Health Services, representing 8.8% of Galveston County payroll employment compared to 15.7% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
3. Professional and Business Services, representing 7.6% of Galveston County payroll employment compared to 14.7% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
4. Financial Activities, representing 5.3% of Galveston County payroll employment compared to 5.7% for the nation overall. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Major Employers

Major employers in both Harris and Galveston County are shown in the following tables.

Major employers in Houston-The Woodlands et al, TX Metro County are shown in the following table.

Major Employers - Harris County, TX

	Name	Number of Employees
1	Walmart	34,000
2	H-E-B	32,635
3	Memorial Hermann Health System	29,130
4	Houston Methodist	28,304
5	The University of Texas MD Anderson Cancer	22,088
6	Amazon	20,000
7	Kroger	15,000
8	Texas Children's Hospital	14,378
9	HCA Houston Healthcare	12,614
10	United Airlines	11,832

Major Employers - Galveston County, TX

	Name	Number of Employees
1	University of Tex Medical Branch Health System	9,227
2	Clear Creek ISD	5,000
3	Landry's	3,304
4	Marathon Petroleum Corp.	1,960
5	Dickinson ISD	1,700
6	American National Insurance	1,550
7	Texas City ISD	1,400
8	Galveston County	1,247
9	Galveston ISD	1,069
10	Moody Gardens, Inc.	1,034

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in Harris County than the Houston MSA overall during the past five years. Harris County has grown at a 1.3% average annual rate while the Houston MSA has grown at a 1.7% rate. Harris County continues to underperform the Houston MSA. GDP for Harris County rose by 2.2% in 2022 while the Houston MSA's GDP rose by 2.5%.

Harris County has a per capita GDP of \$84,250, which is 21% greater than the Houston MSA's GDP of \$69,928. This means that Harris County industries and employers are adding relatively more value to the economy than their counterparts in the Houston MSA.

Gross Domestic Product

Year	(\$,000s) Harris County	% Change	(\$,000s) Houston MSA	% Change
2017	377,601,083	—	470,676,136	—
2018	391,034,432	3.6%	491,166,782	4.4%
2019	382,109,887	-2.3%	484,359,415	-1.4%
2020	375,075,182	-1.8%	476,638,820	-1.6%
2021	394,061,459	5.1%	500,984,295	5.1%
2022	402,792,333	2.2%	513,276,462	2.5%
Compound % Chg (2017-2022)		1.3%		1.7%
GDP Per Capita 2022	\$84,250		\$69,928	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2023.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in Galveston County than the Houston MSA overall during the past five years. Galveston County has grown at a 1.4% average annual rate while the Houston MSA has grown at a 1.7% rate. Galveston County continues to underperform the Houston MSA. GDP for Galveston County fell by 0.6% in 2022 while the Houston MSA's GDP rose by 2.5%.

Galveston County has a per capita GDP of \$45,592, which is 35% less than the Houston MSA's GDP of \$69,928. This means that Galveston County industries and employers are adding relatively less value to the economy than their counterparts in the Houston MSA.

Gross Domestic Product

Year	(\$,000s) Galveston County	% Change	(\$,000s) Houston MSA	% Change
2017	15,188,107	—	470,676,136	—
2018	15,365,270	1.2%	491,166,782	4.4%
2019	15,543,698	1.2%	484,359,415	-1.4%
2020	15,029,002	-3.3%	476,638,820	-1.6%
2021	16,375,548	9.0%	500,984,295	5.1%
2022	16,281,603	-0.6%	513,276,462	2.5%
Compound % Chg (2017-2022)		1.4%		1.7%
GDP Per Capita 2022	\$45,592		\$69,928	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2023.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Income, Education and Age

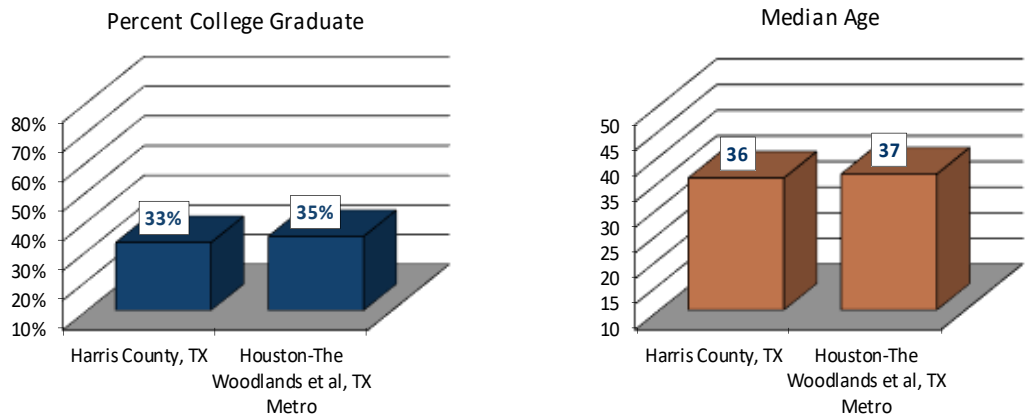
Harris County has a lower level of household income than the Houston MSA. Median household income for Harris County is \$68,506, which is 9.3% less than the corresponding figure for the Houston MSA.

Median Household Income - 2024

	Median
Harris County, TX	\$68,506
Houston-The Woodlands et al, TX Metro	\$75,489
Comparison of Harris County, TX to Houston-The Woodlands et a	- 9.3%
Source: Claritas	

Residents of Harris County have a slightly lower level of educational attainment than those of the Houston MSA. An estimated 33% of Harris County residents are college graduates with four-year degrees, versus 35% of Houston MSA residents. People in Harris County are slightly younger than their Houston MSA counterparts. The median age for Harris County is 36 years, while the median age for the Houston MSA is 37 years.

Education & Age - 2024



Source: Claritas

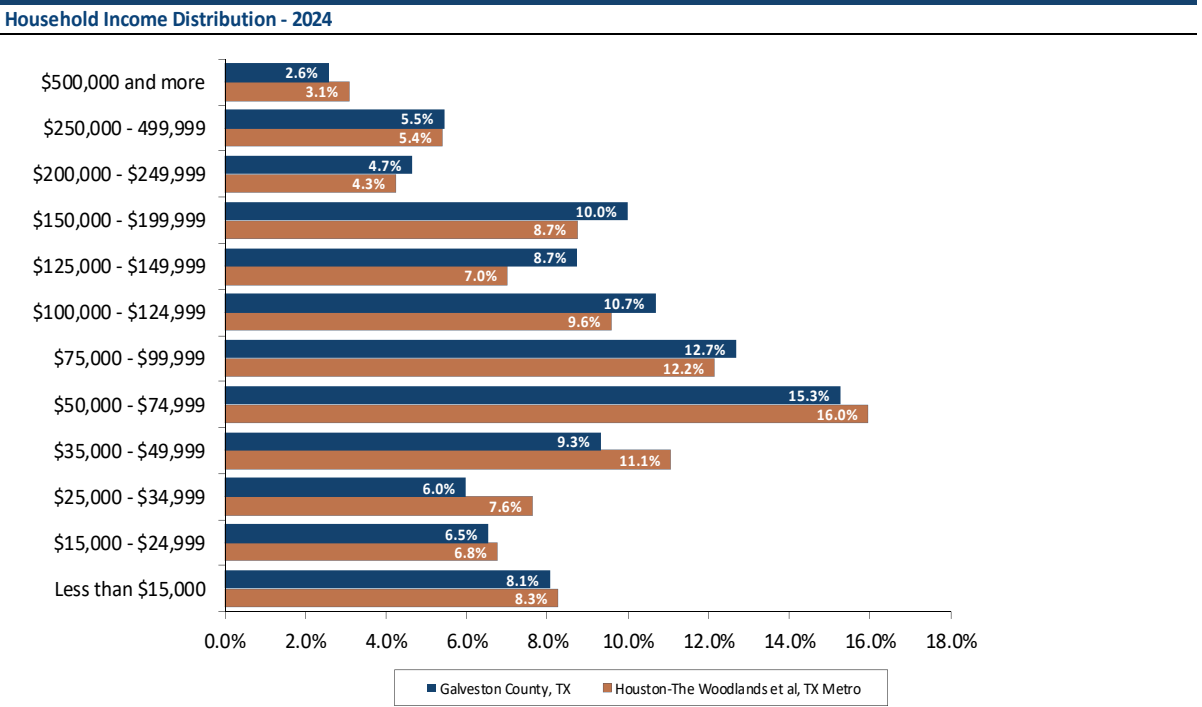


Household Income

Galveston County has a higher level of household income than the Houston MSA. Median household income for Galveston County is \$83,942, which is 11.2% greater than the corresponding figure for the Houston MSA.

Median Household Income - 2024	
	Median
Galveston County, TX	\$83,942
Houston-The Woodlands et al, TX Metro	\$75,489
Comparison of Galveston County, TX to Houston-The Woodlands	+ 11.2%
Source: Claritas	

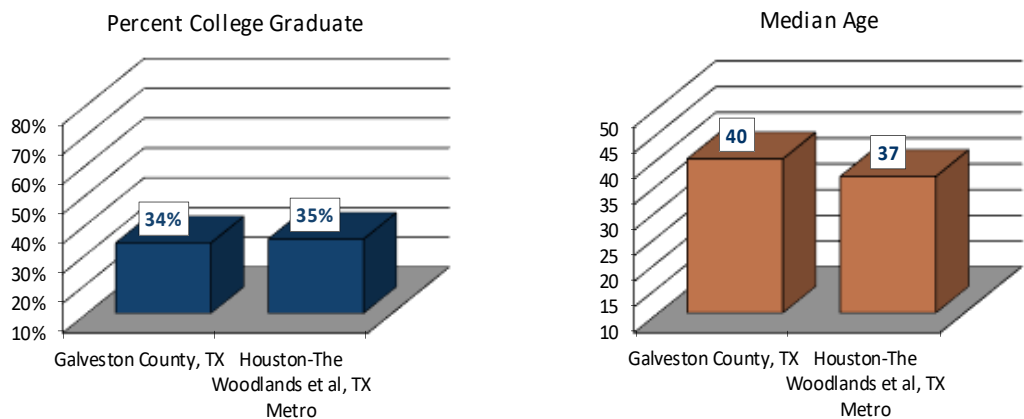
The following chart shows the distribution of households across twelve income levels. Galveston County has a greater concentration of households in the middle-income levels than the Houston MSA. Specifically, 47% of Galveston County households are between the \$50,000 - \$150,000 levels in household income as compared to 45% of Houston MSA households. A lesser concentration of households is apparent in the lower income levels, as 30% of Galveston County households are below the \$50,000 level in household income versus 34% of Houston MSA households.



Education and Age

Residents of Galveston County have a slightly lower level of educational attainment than those of the Houston MSA. An estimated 34% of Galveston County residents are college graduates with four-year degrees, versus 35% of Houston MSA residents. People in Galveston County are older than their Houston MSA counterparts. The median age for Galveston County is 40 years, while the median age for the Houston MSA is 37 years.

Education & Age - 2024



Source: Claritas

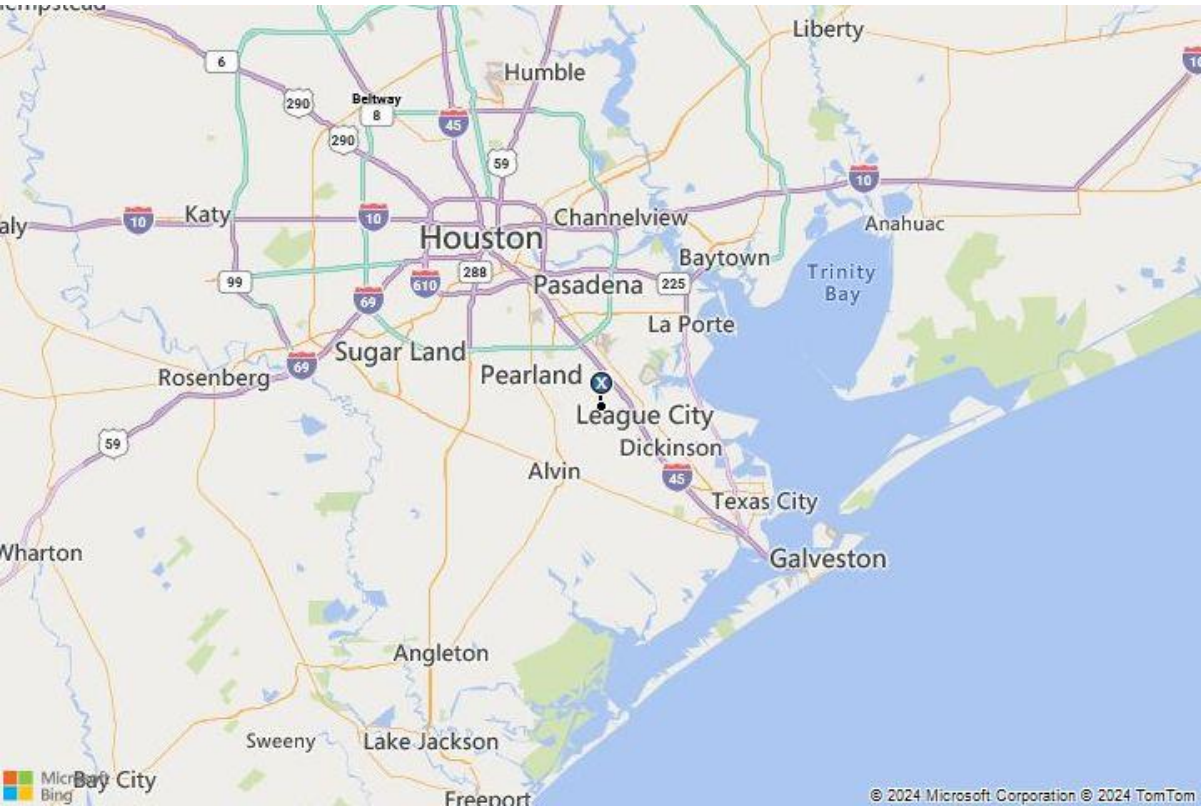
Conclusion

The Harris County economy will be affected by a growing population base and lower income and education levels. Harris County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. It is anticipated that the Harris County economy will improve, and employment will grow, strengthening the demand for real estate.

The Galveston County economy will benefit from a growing population base and a higher level of median household income. Galveston County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. It is anticipated that the Galveston County economy will improve, and employment will grow, strengthening the demand for real estate.



Area Map



Surrounding Area Analysis

Boundaries

The subject is located in the far southern edge of Harris County near the boundary with Galveston County. This area is generally delineated as follows:

Boundaries & Delineation	
Boundaries	
Market Area	Houston, TX
Submarket	Baybrook/Clear Lake
Area Type	Suburban
Delineation	
North	Sam Houston Tollway
South	SH-6
East	IH-45
West	SH-35

A map identifying the location of the property follows this section.

Access and Linkages

Access & Linkages		
Vehicular Access		
Major Highways	IH-45 and Sam Houston Tollway	
Primary Corridors	SH-6, and SH-35	
Vehicular Access Rating	Average	
Public Transit		
Providers	Metro	
Transit Access Rating	Average	
Airport(s)		
Name	William P. Hobby	George Bush Intercontinental
Distance	13 Miles	40 Miles
Driving Time	25 Minutes	60 Minutes
Primary Transportation Mode	Automobile	



Life Cycle

Real estate is affected by cycles involving development trends within a market area as well as market and economic forces. Trends in demand for development in a particular market are described by the Market Area Life Cycle, while market and economic trends are described by the Real Estate Cycle.

A Market Area Life Cycle typically evolves through four stages:⁶

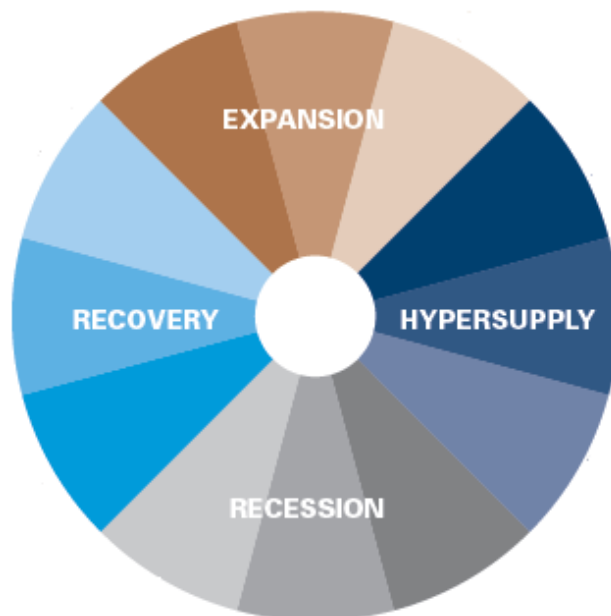
- Growth – a period during which the market area gains public favor and acceptance
- Stability – a period of equilibrium without marked gains or losses
- Decline – a period of diminishing demand
- Revitalization – a period of renewal, redevelopment, modernization, and increasing demand

The subject's market area is in the growth stage of the Market Area Life Cycle.

The Real Estate Cycle also impacts a neighborhood. The stages of the Real Estate Cycle include:

- Expansion – Sustained growth in demand, increasing construction
- Hypersupply – Positive but falling demand, increasing vacancy
- Recession – Falling demand, increasing vacancy
- Recovery – Increasing demand, decreasing vacancy

These stages are illustrated below, along with a summary of common characteristics of each stage of the Real Estate Cycle. The subject is in the expansion stage of the Real Estate Cycle.



⁶ Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020)

EXPANSION

Decreasing Vacancy Rates
Moderate/High New Construction
High Absorption
Moderate/High Employment Growth
Med/High Rental Rate Growth

HYPERSUPPLY

Increasing Vacancy Rates
Moderate/High New Construction
Low/Negative Absorption
Moderate/Low Employment Growth
Med/Low Rental Rate Growth

RECESSION

Increasing Vacancy Rates
Moderate/Low New Construction
Low Absorption
Low/Negative Employment Growth
Low/Neg Rental Rate Growth

RECOVERY

Decreasing Vacancy Rates
Low New Construction
Moderate Absorption
Low/Moderate Employment Growth
Neg/Low Rental Rate Growth

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics

	5-Minute Drive Time	10-Minute Drive Time	15-Minute Drive Time	Galveston County, TX	Houston-The Woodlands et al, TX Metro
2024 Estimates					
Population 2020	16,329	69,537	213,405	350,682	7,122,240
Population 2024	16,358	70,640	217,783	363,292	7,518,993
Population 2029	16,475	72,165	223,494	377,868	7,885,011
Compound % Change 2020-2024	0.0%	0.4%	0.5%	0.9%	1.4%
Compound % Change 2024-2029	0.1%	0.4%	0.5%	0.8%	1.0%
Households 2020	6,097	24,891	79,652	132,819	2,509,945
Households 2024	6,113	25,308	81,302	138,175	2,656,731
Households 2029	6,167	25,881	83,505	144,209	2,793,541
Compound % Change 2020-2024	0.1%	0.4%	0.5%	1.0%	1.4%
Compound % Change 2024-2029	0.2%	0.4%	0.5%	0.9%	1.0%
Median Household Income 2024	\$81,757	\$98,645	\$87,689	\$83,942	\$75,489
Average Household Size	2.7	2.8	2.7	2.6	2.8
College Graduate %	33%	43%	40%	34%	35%
Median Age	37	39	38	40	37
Owner Occupied %	58%	68%	62%	66%	60%
Renter Occupied %	42%	32%	38%	34%	40%
Median Owner Occupied Housing Value	\$281,784	\$349,787	\$305,627	\$313,315	\$294,115
Median Year Structure Built	1983	1991	1989	1988	1993
Average Travel Time to Work in Minutes	32	32	32	31	32

Source: Claritas

As shown above, the current population within a 10-minute drive time of the subject is 70,640, and the average household size is 2.8. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to Galveston County overall, the population within a 10-minute drive time is projected to grow at a slower rate.

Median household income is \$98,645, which is higher than the household income for Galveston County. Residents within a 10-minute drive time have a considerably higher level of educational attainment than those of Galveston County, while median owner-occupied home values are considerably higher.

Land Use

For the immediate vicinity of the subject, the land use characteristics are summarized as follows:

Immediate Surroundings	
North	Retail, church
South	Creek/single family homes
East	School, church, single family homes
West	Church, creek, single family homes



Development Activity and Trends

During the last five years, development has been predominantly single-family with supportive commercial along major thoroughfares. The pace of development has generally accelerated over this time. The subject neighborhood has several high-profile developments either within its boundaries, or afforded proximity to the boundaries. The most important are discussed as follows.

NASA's Johnson Space Center is NASA's center for human spaceflight in Houston, Texas (originally named the Manned Spacecraft Center), where human spaceflight training, research, and flight control are conducted. It was renamed in honor of the late U.S. president and Texas native, Lyndon B. Johnson, by an act of the United States Senate on February 19, 1973. It consists of a complex of 100 buildings constructed on 1,620 acres in the Clear Lake Area of Houston, which acquired the official nickname "Space City" in 1967. The center is home to NASA's astronaut corps, and is responsible for training astronauts from both the U.S. and its international partners. It houses the Christopher C. Kraft Jr. Mission Control Center, which has provided the flight control function for every NASA human spaceflight since Gemini 4 (including Apollo, Skylab, Apollo–Soyuz, and Space Shuttle). It is popularly known by its radio call signs "Mission Control" and "Houston".

Green Hydrogen - As more countries and companies turn to hydrogen, Texas is in a prime position to become a global hub for hydrogen manufacturing and export. According to the University of Texas, "Texas is the largest domestic producer of hydrogen, and already has a network of hydrogen pipelines in place. Plus, Texas's sprawling network of natural gas pipelines can be used to transport hydrogen with minimal retrofitting." Most of the hydrogen production in Texas is centered on the Gulf Coast. "The Texas Gulf Coast area anchors the world's leading H2 system, producing approximately one-third of U.S. total H2 gas per year. The system encompasses an expansive network of 48 H2 production plants, more than 900 mi of H2 pipelines (more than half of the U.S. H2 pipelines and one-third of H2 pipelines globally), as well as geologically unique and at-scale salt cavern storage." Texas and its Gulf Coast are set to be the center of hydrogen production for the 21st century.

Galveston Island - Founded in 1839, Galveston is often referred to as Texas' Playground. It is also an important component in the economic engine of the Gulf coast. Galveston has a diverse economic base featuring tourism, medical, financial services, port access to the Gulf of Mexico, and international air services to the rest of the world. Over 6.5 million people visit Galveston Island each year, which is not surprising since the Port of Galveston is the 4th largest Cruise Port in the United States. There are three higher education institutions located in the City of Galveston; Texas A&M Galveston, University of Texas Medical Branch (the oldest medical school west of the Mississippi River), and Galveston College. Galveston's 32 miles of beaches, historic downtown district, year-round cruise terminal and numerous attractions and special events sustain its bustling tourism industry.

Moody Gardens - Sitting on 242 lush acres, Moody Gardens features a 10-story glass Rainforest Pyramid, IMAX 3-D Theatre, Discovery Pyramid (designed in conjunction with NASA), Ridefilm Theatre, the breathtaking Aquarium Pyramid, Palm Beach and the Colonel Paddlewheel Boat featuring dinner cruises.

Schlitterbahn Galveston Island Waterpark - Rivers connect for a mile of fun through three distinct park sections at Schlitterbahn Galveston. The waterpark is a thrill seekers paradise with high thrill speed slides including Rohr!, MASSIV, and the immersive Screaming Serpents body slide. Each section has raft rides, pools and water coasters with great picnic pavilions and pint-sized water playgrounds for kids of all ages. The 26-acre Schlitterbahn park in Galveston opened in 2006. The park features the most thrill rides of any of the Schlitterbahn parks and is home to the world's former record holder of the world's tallest water coaster, MASSIV. MASSIV opened in 2016 and features the most current technology including water and power saving features never used before.

Port of Galveston - The world-renowned Port of Galveston was a key player in the island's success last year. In 2022, The Port of Galveston welcomed one million cruise passengers, marking the first time it has achieved this milestone since before the pandemic. Spending by cruise visitors contributed a total of \$80 million in 2022. The Port is expected to break passenger and sailing records with 362 sailings and more than a million cruise passengers in 2023, which would be a new record in the port's 22-year history. Following the establishment of its \$125 million Royal Caribbean International cruise terminal, the Port most recently announced the addition of the Carnival Cruise Line's Carnival Jubilee and, a \$53 million investment dedicated to the expansion of the two-decades-old Cruise Terminal 25. The expansion will help accommodate for the 6,500-guest capacity of the Jubilee and other high-capacity ships. The Carnival Jubilee is set to arrive in December. Additionally, the Port is working to sign an agreement with MSC Cruises for a public-private project to build a fourth cruise terminal and 1,500-space parking garage at Pier 16.

Lago Mar is a 2,000-acre master planned community located in Texas City. Located along the west side of IH-45 since 2016, the community is planned for approximately 7,000 homes. The development is anchored by a 12± acre Crystal Lagoon. The lagoon includes sand beaches and advanced technology to keep the water clean and a crystal-clear blue. Its depth ranges up to 10-12 feet deep, and its bottom is lined similar to a swimming pool. The lagoon also has private and public access.

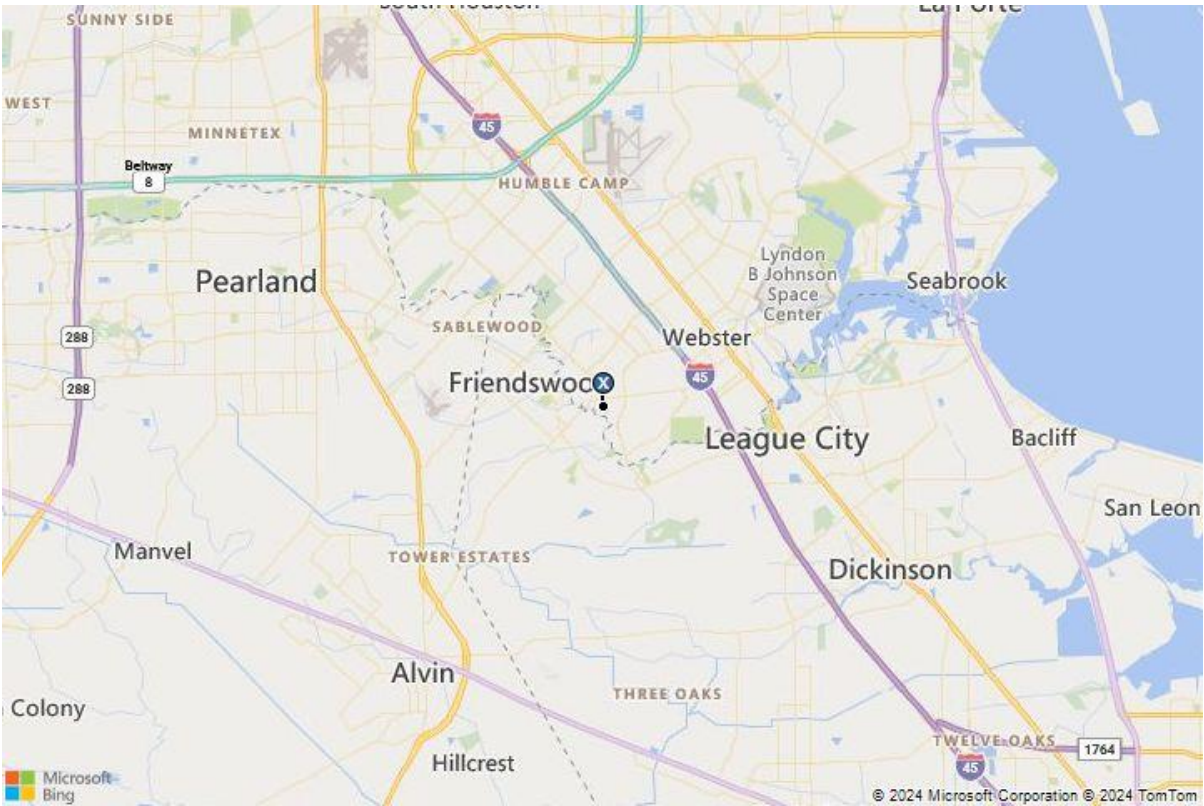
The **Tanger Outlet Texas City** is a fairly new outlet mall, which opened its doors late 2012. Located on IH-45 in Galveston County, it is considered to be a premier shopping experience. With nearly 90 stores and restaurants, this unique shopping center offers apparel, services, dining experiences, and gift shopping.

The University of Houston–Clear Lake is a public university with campuses in Clear Lake and Pearland and Houston, Texas, with branch campuses in Pearland and Texas Medical Center. It is part of the University of Houston System. Founded in 1971, UHCL has a current enrollment of approximately 9,100 students.

Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Surrounding Area Map



Retail Market Analysis

Metro Area Overview

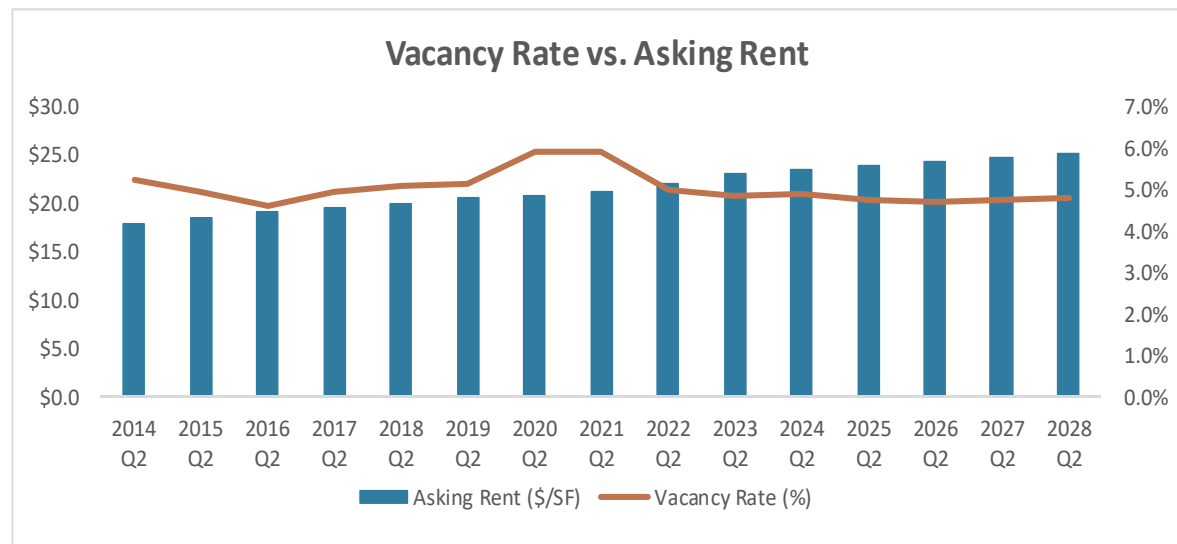
The subject is located in the Houston - TX USA metro area as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

All Retail Houston - TX USA Metro Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	385,968,543	365,628,000	5.27%	3,881,172	4,750,639	6,180,068	\$17.87	3.68%	8.94%	7.50%
2015 Q2	391,566,880	372,184,224	4.95%	5,577,864	7,730,785	6,536,463	\$18.54	3.80%	12.91%	7.10%
2016 Q2	401,331,636	382,734,176	4.63%	9,741,356	7,973,506	10,527,275	\$19.09	2.97%	3.92%	6.95%
2017 Q2	411,391,201	391,051,968	4.94%	9,839,002	6,186,451	8,154,288	\$19.51	2.20%	-0.49%	7.17%
2018 Q2	418,471,060	397,042,208	5.12%	6,697,690	5,059,245	5,581,422	\$20.07	2.82%	1.23%	7.20%
2019 Q2	424,190,455	402,289,760	5.16%	5,645,700	5,355,319	5,226,405	\$20.56	2.45%	1.67%	7.25%
2020 Q2	432,081,052	406,462,976	5.93%	7,821,973	4,817,721	4,097,038	\$20.82	1.26%	3.32%	7.11%
2021 Q2	437,240,990	411,209,504	5.95%	5,118,358	2,862,907	4,709,742	\$21.25	2.11%	3.41%	7.01%
2022 Q2	439,811,412	417,768,192	5.01%	2,568,422	4,262,560	6,548,550	\$22.15	4.19%	6.81%	6.88%
2023 Q2	442,521,710	421,025,632	4.86%	2,710,298	4,670,182	3,256,438	\$23.13	4.44%	2.98%	6.96%
2024 Q2	446,587,297	424,591,328	4.93%	4,053,587	3,654,525	3,553,685	\$23.55	1.81%	1.09%	7.02%
2025 Q2	450,404,007	428,891,616	4.78%	3,816,710	0	4,334,703	\$23.90	1.49%	-7.80%	7.73%
2026 Q2	453,003,875	431,701,376	4.70%	2,599,868	0	2,751,915	\$24.40	2.09%	-0.89%	7.97%
2027 Q2	455,870,904	434,176,992	4.76%	2,867,029	0	2,413,874	\$24.84	1.82%	5.33%	7.72%
2028 Q2	459,204,693	436,984,608	4.84%	3,333,789	0	2,743,510	\$25.23	1.58%	4.00%	7.56%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

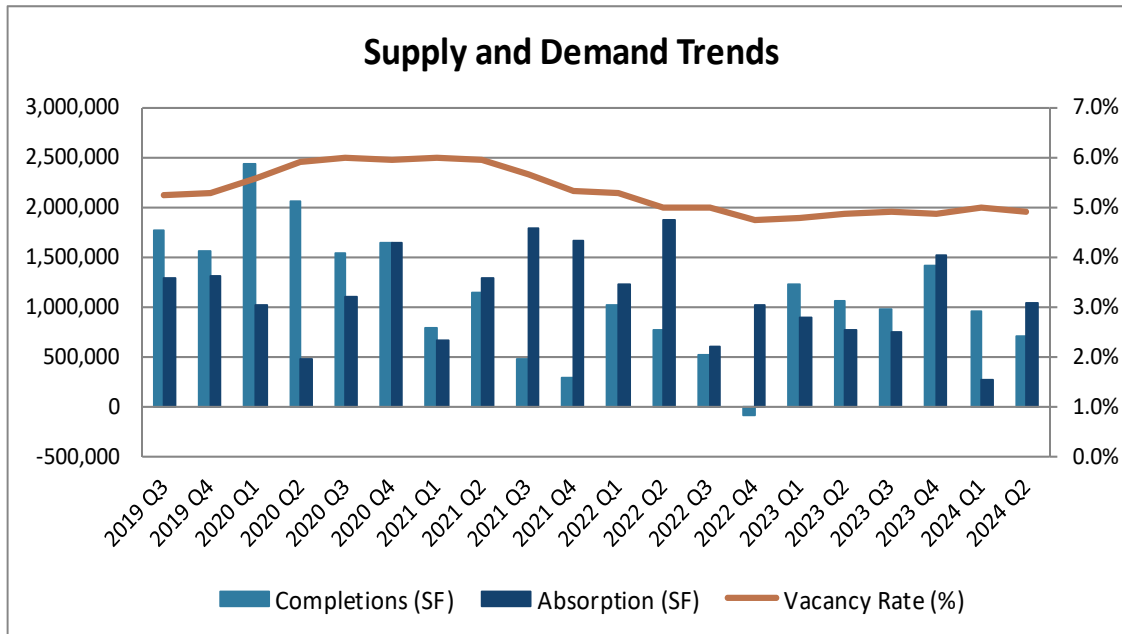
Houston - TX USA Metro Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the metro area is 4.93%; the vacancy rate has decreased by 9 bps from 2022 Q2.

- Two-year Base Case forecasts project a 4.70% vacancy rate in the metro area, representing a decrease of 22 bps by 2026 Q2.
- Asking rent averages \$23.55/SF in the metro area, and values have increased by 6.32% from 2022 Q2.
- Two-year Base Case forecasts project a \$24.40/SF asking rent in the metro area, representing an increase of 3.61% by 2026 Q2.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has increased by 1.54% from 2022 Q2, while the demand has increased by 1.63%.
- Between 2019 Q3 and 2024 Q2, net completions in the metro area have averaged 4,454,528 SF annually and reached a peak of 2,434,659 SF in 2020 Q1.
- Between 2019 Q3 and 2024 Q2, net absorption in the metro area has averaged 4,433,091 SF annually and reached a peak of 1,866,998 SF in 2022 Q2.

Submarket Overview

The subject is located in the Southeast Outlier submarket as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the following table.

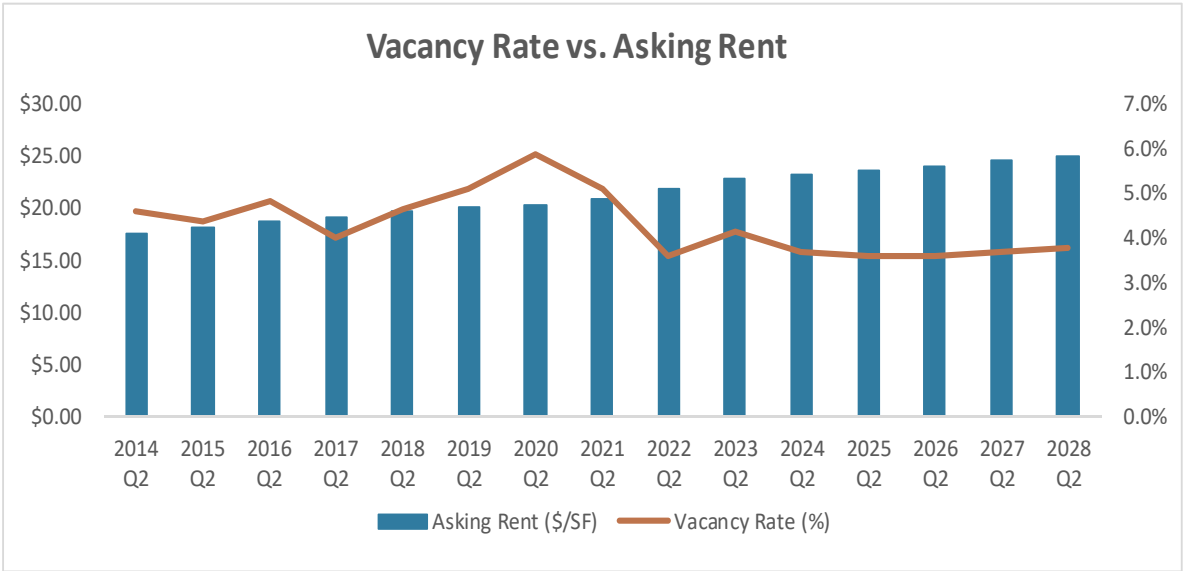
All Retail Southeast Outlier Submarket Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	14,167,646	13,515,390	4.60%	400,863	390,844	428,964	\$17.53	3.71%	8.61%	7.40%
2015 Q2	14,340,233	13,715,105	4.36%	172,587	457,521	199,715	\$18.21	3.91%	11.82%	7.06%
2016 Q2	14,835,578	14,117,139	4.84%	495,345	514,977	402,034	\$18.75	2.97%	3.48%	6.93%
2017 Q2	15,392,808	14,774,228	4.02%	557,230	282,681	656,135	\$19.12	1.96%	0.17%	7.08%
2018 Q2	15,805,231	15,072,685	4.63%	401,078	453,229	288,544	\$19.68	2.90%	-0.54%	7.23%
2019 Q2	16,239,674	15,408,705	5.12%	434,443	161,188	336,020	\$20.13	2.29%	0.67%	7.23%
2020 Q2	16,412,572	15,443,210	5.91%	172,898	76,144	34,505	\$20.37	1.20%	1.77%	7.27%
2021 Q2	16,536,051	15,691,195	5.11%	123,479	73,465	247,985	\$20.86	2.41%	4.06%	7.10%
2022 Q2	16,617,052	16,021,289	3.59%	79,001	57,130	328,094	\$21.79	4.46%	4.36%	7.10%
2023 Q2	16,661,182	15,966,545	4.17%	44,130	122,608	-54,744	\$22.88	5.02%	3.58%	7.10%
2024 Q2	16,765,330	16,147,495	3.69%	104,148	138,621	180,950	\$23.24	1.54%	1.60%	7.14%
2025 Q2	16,915,836	16,304,168	3.62%	150,506	0	156,833	\$23.58	1.48%	-7.52%	7.85%
2026 Q2	17,003,032	16,393,084	3.59%	87,196	0	87,094	\$24.09	2.17%	-0.77%	8.09%
2027 Q2	17,106,168	16,478,122	3.67%	103,136	0	83,033	\$24.55	1.89%	5.31%	7.84%
2028 Q2	17,226,172	16,574,438	3.78%	120,004	0	94,240	\$24.95	1.65%	3.99%	7.68%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

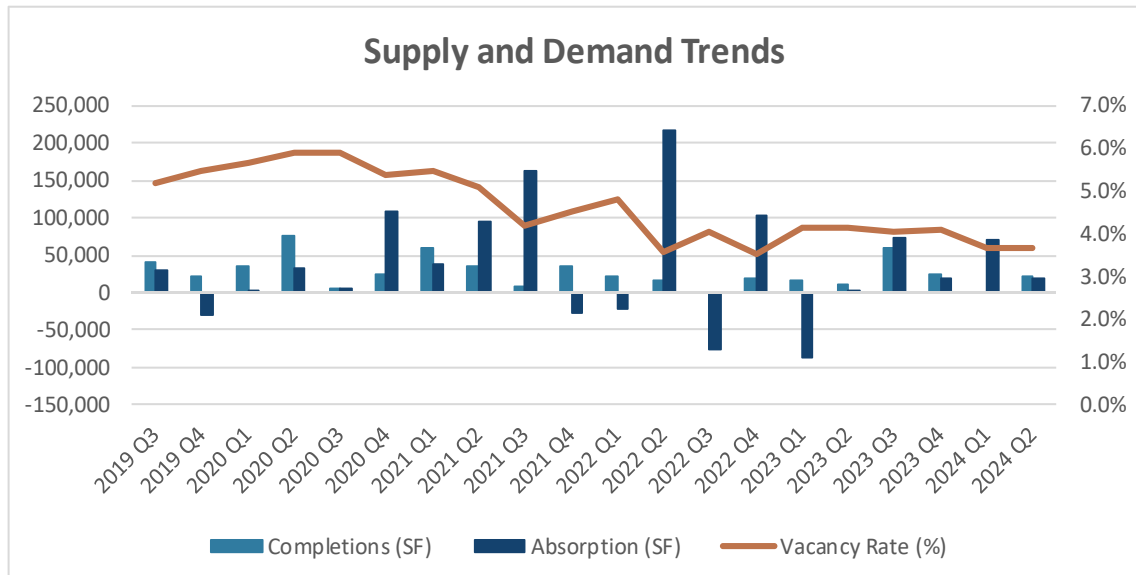
- The Southeast Outlier submarket comprises 3.8% of the metro building stock and 3.8% of the metro building demand.
- The vacancy rate in the Southeast Outlier submarket is 3.69%, which is less than the metro area's average of 4.93%.
- Southeast Outlier market rate is \$23.24/SF which is less than the metro area's average rate of \$23.55/SF.

Southeast Outlier Submarket Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the submarket area is 3.69%; the vacancy rate has increased by 10 bps from 2022 Q2.
- Two-year Base Case forecasts project a 3.59% vacancy rate in the submarket area, representing a decrease of 10 bps by 2026 Q2.
- Asking rent averages \$23.24/SF in the submarket area, and values have increased by 6.65% from 2022 Q2.
- Two-year Base Case forecasts project a \$24.09/SF asking rent in the submarket area, representing an increase of 3.66% by 2026 Q2.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has increased by 0.89% from 2022 Q2, while the demand has increased by 0.79%.
- Between 2019 Q3 and 2024 Q2, net completions in the submarket area have averaged 104,731 SF annually, and reached a peak of 74,871 SF in 2020 Q2.
- Between 2019 Q3 and 2024 Q2, net absorption in the submarket area has averaged 147,358 SF annually, and reached a peak of 216,774 SF in 2022 Q2.

Retail Marketplace Profile

Retail sales trends in the market area are a key indicator of demand. Therefore, we have reviewed the retail market power (RMP) data from Claritas, which is included in the following table. The opportunity gap or surplus available represents the difference between demand and supply. When the demand is greater than supply, there is an opportunity gap, but when demand is less than supply, there is a surplus. A positive value signifies an opportunity gap, while a negative value signifies a surplus.

Opportunity Gap - All Retail Stores - Drive Time									
Retail Store Type	5 minutes			10 minutes			15 minutes		
	2022 Demand (Consumer Expenditures)	2022 Supply (Retail Sales)	2022 Opportunity Gap/Surplus	2022 Demand (Consumer Expenditures)	2022 Supply (Retail Sales)	2022 Opportunity Gap/Surplus	2022 Demand (Consumer Expenditures)	2022 Supply (Retail Sales)	2022 Opportunity Gap/Surplus
Motor Vehicle and Parts Dealers	\$74,495,015	\$47,093,018	\$27,401,997	\$364,713,062	\$313,607,840	\$51,105,222	\$1,088,981,991	\$1,212,432,084	-\$123,450,093
Non-Store Retailers	\$46,673,421	\$19,335,530	\$27,337,891	\$224,484,708	\$121,529,320	\$102,955,388	\$673,151,109	\$194,671,468	\$478,479,641
Building Material and Garden Equipment and Supplies Dealers	\$21,003,390	\$16,044,947	\$4,958,443	\$102,695,969	\$134,463,648	-\$31,767,679	\$304,420,979	\$326,739,243	-\$22,318,264
General Merchandise Stores	\$34,527,776	\$34,543,413	-\$15,637	\$165,450,939	\$243,536,059	-\$78,085,120	\$496,834,359	\$519,116,854	-\$22,282,495
Food Services and Drinking Places	\$32,907,030	\$33,695,329	-\$788,299	\$158,164,273	\$247,792,219	-\$89,627,946	\$476,053,502	\$579,200,503	-\$103,147,001
Food and Beverage Stores	\$40,014,948	\$42,801,623	-\$2,786,675	\$190,646,421	\$277,105,430	-\$86,459,009	\$573,989,307	\$733,426,934	-\$159,437,627
Miscellaneous Store Retailers	\$5,564,583	\$9,804,852	-\$4,240,269	\$26,575,954	\$71,359,116	-\$44,783,162	\$80,051,857	\$103,621,462	-\$23,569,605
Electronics and Appliance Stores	\$4,436,269	\$9,605,006	-\$5,168,737	\$21,238,353	\$61,394,011	-\$40,155,658	\$63,819,728	\$81,457,323	-\$17,637,595
Sporting Goods, Hobby, Musical Instrument, and Book Stores	\$3,835,345	\$9,147,881	-\$5,312,536	\$18,627,224	\$65,228,836	-\$46,601,612	\$55,585,681	\$98,055,562	-\$42,469,881
Furniture and Home Furnishings Stores	\$5,591,428	\$11,006,414	-\$5,414,986	\$26,623,786	\$61,981,437	-\$35,357,651	\$80,061,724	\$87,283,953	-\$7,222,229
Gasoline Stations	\$24,161,850	\$35,176,439	-\$11,014,589	\$115,166,779	\$137,765,994	-\$22,599,215	\$345,770,190	\$320,369,457	\$25,400,733
Health and Personal Care Stores	\$17,221,613	\$33,752,267	-\$16,530,654	\$83,078,358	\$124,447,180	-\$41,368,822	\$248,645,065	\$281,497,628	-\$32,852,563
Clothing and Clothing Accessories Stores	\$11,508,138	\$31,614,178	-\$20,106,040	\$55,259,701	\$108,624,136	-\$53,364,435	\$166,702,424	\$244,262,082	-\$77,559,658
Total Retail Sales Incl Eating and Drinking Places	\$321,940,806	\$333,620,897	-\$11,680,091	\$1,552,725,527	\$1,968,835,226	-\$416,109,699	\$4,654,067,916	\$4,782,134,553	-\$128,066,637

Source: Claritas; compiled by Integra Realty Resources, Inc.

Retail Opportunity Gap Key Takeaways

- The total retail surplus between consumer demand and retail supply within a 5-minute drive of the subject is \$11,680,091.
- The Motor Vehicle and Parts Dealers retail category presents the greatest opportunity gap of \$27,401,997 within a 5-minute drive of the subject.
- The Clothing and Clothing Accessories Stores retail category presents the lowest retail opportunity within a 5-minute drive of the subject.
- The Sporting Goods, Hobby, Musical Instrument, and Book Stores retail category saw the lowest consumer demand within a 5-minute drive of the subject.
- Of the 13 main retail category groups, 3 present an opportunity gap based on consumer demand within a 5-minute drive of the subject.
- Of the 13 main retail category groups, 10 present a surplus based on the supply within a 5-minute drive of the subject.
- The total retail surplus between consumer demand and retail supply within a 10-minute drive of the subject is \$416,109,699.
- The total retail surplus between consumer demand and retail supply within a 15-minute drive of the subject is \$128,066,637.

Retail Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the Houston metro area to have a positive impact on the subject property's performance in the near-term.

Office Market Analysis

Metro Area Overview

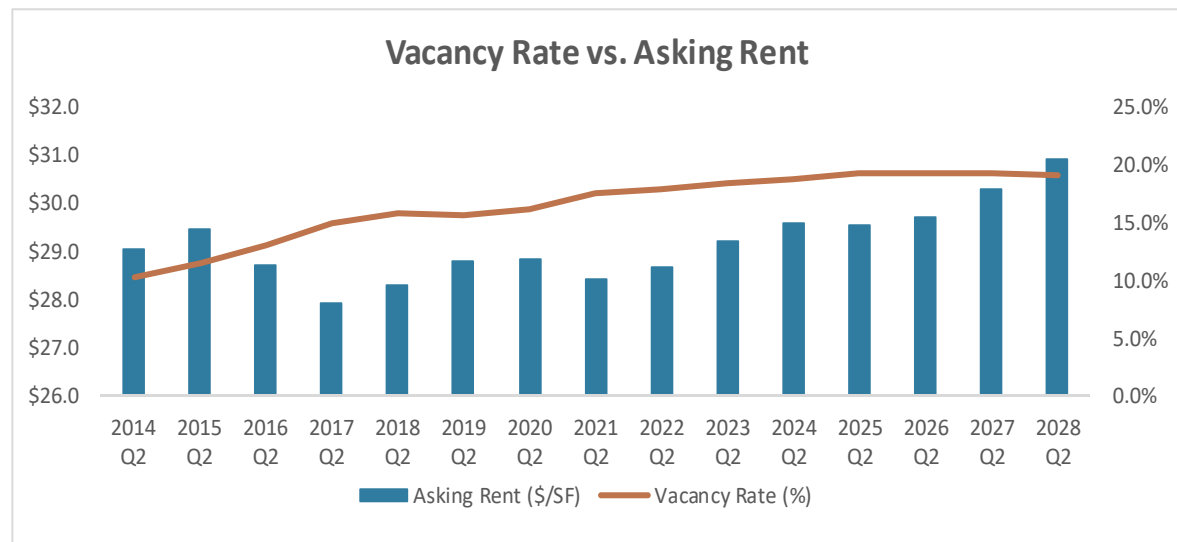
The subject is located in the Houston - TX USA metro area as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

All Office Houston - TX USA Metro Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	315,751,095	283,111,264	10.34%	7,521,451	19,774,040	9,907,019	\$29.03	5.29%	9.94%	6.89%
2015 Q2	328,167,806	290,281,504	11.54%	12,416,711	12,591,303	7,174,021	\$29.48	1.57%	4.89%	6.84%
2016 Q2	336,423,699	292,403,968	13.08%	8,255,893	6,462,146	2,113,666	\$28.70	-2.67%	1.02%	6.91%
2017 Q2	340,264,306	289,660,160	14.87%	3,835,607	4,260,678	-2,747,126	\$27.91	-2.73%	-4.55%	7.37%
2018 Q2	342,534,441	288,582,496	15.75%	2,234,790	3,496,042	-1,198,338	\$28.29	1.36%	-3.87%	7.77%
2019 Q2	344,977,452	291,053,600	15.63%	2,429,212	4,083,764	2,436,812	\$28.79	1.75%	-2.91%	8.06%
2020 Q2	346,751,830	290,468,160	16.23%	1,774,378	6,049,593	-580,226	\$28.86	0.26%	1.26%	8.14%
2021 Q2	349,592,969	288,194,176	17.56%	2,841,139	5,457,808	-2,273,910	\$28.43	-1.51%	-0.25%	7.98%
2022 Q2	353,636,987	290,117,056	17.96%	4,042,418	4,804,992	1,921,270	\$28.68	0.88%	0.82%	8.15%
2023 Q2	355,876,707	290,471,200	18.38%	2,239,720	3,977,442	355,655	\$29.20	1.80%	-7.11%	9.07%
2024 Q2	358,573,747	291,057,536	18.83%	2,697,040	2,504,275	586,333	\$29.61	1.41%	-7.92%	9.64%
2025 Q2	359,993,250	290,604,800	19.27%	1,419,503	0	-428,062	\$29.54	-0.23%	-5.62%	10.09%
2026 Q2	360,725,690	290,919,040	19.35%	732,440	0	324,178	\$29.71	0.57%	1.33%	9.98%
2027 Q2	361,804,300	292,240,384	19.23%	1,078,610	0	1,331,694	\$30.29	1.96%	5.58%	9.63%
2028 Q2	363,386,493	293,990,528	19.10%	1,582,193	0	1,759,860	\$30.93	2.12%	6.87%	9.23%

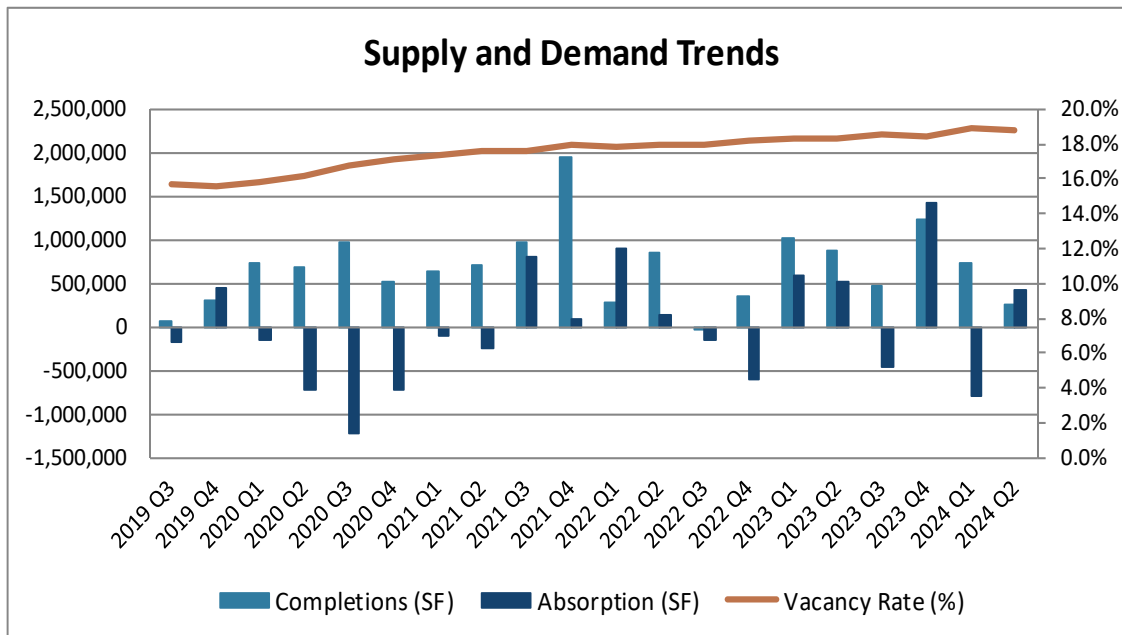
Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Houston - TX USA Metro Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the metro area is 18.83%; the vacancy rate has increased by 87 bps from 2022 Q2.
- Two-year Base Case forecasts project a 19.35% vacancy rate in the metro area, representing an increase of 52 bps by 2026 Q2.
- Asking rent averages \$29.61/SF in the metro area, and values have increased by 3.24% from 2022 Q2.
- Two-year Base Case forecasts project a \$29.71/SF asking rent in the metro area, representing an increase of 0.34% by 2026 Q2.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has increased by 1.40% from 2022 Q2, while the demand has increased by 0.32%.
- Between 2019 Q3 and 2024 Q2, net completions in the metro area have averaged 2,718,939 SF annually and reached a peak of 1,955,308 SF in 2021 Q4.
- Between 2019 Q3 and 2024 Q2, net absorption in the metro area has averaged 1,824 SF annually and reached a peak of 1,420,003 SF in 2023 Q4.

Submarket Overview

The subject is located in the Southeast Outlier submarket as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the following table.

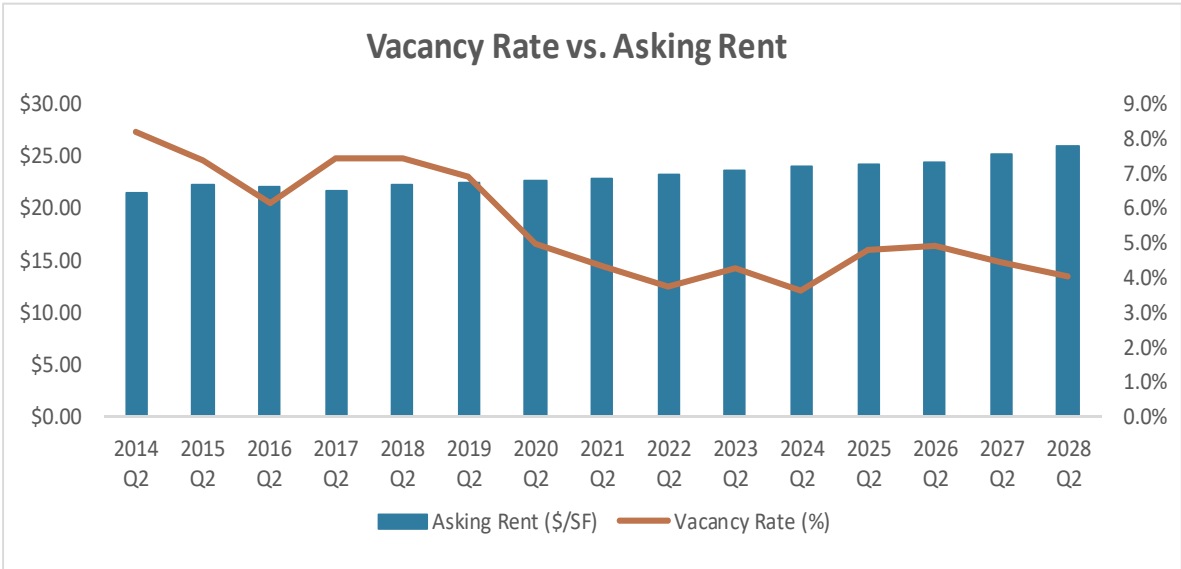
All Office Southeast Outlier Submarket Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	5,272,787	4,838,545	8.24%	18,157	25,915	39,391	\$21.57	5.43%	9.54%	7.20%
2015 Q2	5,299,035	4,906,586	7.41%	26,248	62,458	68,041	\$22.22	3.01%	4.27%	7.15%
2016 Q2	5,334,415	5,007,054	6.14%	35,380	32,659	100,468	\$22.14	-0.34%	2.63%	7.17%
2017 Q2	5,371,874	4,970,345	7.47%	37,459	39,780	-39,659	\$21.77	-1.67%	-2.58%	7.58%
2018 Q2	5,406,654	5,002,933	7.47%	34,780	5,000	34,325	\$22.21	2.03%	-1.51%	7.89%
2019 Q2	5,418,726	5,044,696	6.90%	12,072	0	41,763	\$22.54	1.46%	-0.23%	8.26%
2020 Q2	5,322,737	5,056,532	5.00%	-95,989	7,500	11,836	\$22.71	0.76%	3.20%	8.29%
2021 Q2	5,330,237	5,099,665	4.33%	7,500	0	43,133	\$22.92	0.91%	3.37%	7.98%
2022 Q2	5,330,237	5,131,651	3.73%	0	5,000	31,986	\$23.30	1.70%	1.47%	8.17%
2023 Q2	5,326,168	5,097,045	4.30%	-4,069	0	-34,606	\$23.66	1.52%	-8.12%	9.19%
2024 Q2	5,326,168	5,132,568	3.63%	0	0	35,523	\$24.04	1.62%	-6.71%	9.80%
2025 Q2	5,318,327	5,061,418	4.83%	-7,841	0	-70,778	\$24.14	0.39%	-4.67%	10.26%
2026 Q2	5,310,451	5,050,538	4.89%	-7,876	0	-10,326	\$24.49	1.46%	2.20%	10.15%
2027 Q2	5,305,232	5,069,923	4.44%	-5,219	0	19,927	\$25.19	2.86%	6.43%	9.80%
2028 Q2	5,301,502	5,086,995	4.05%	-3,730	0	17,696	\$25.95	3.03%	7.68%	9.40%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The Southeast Outlier submarket comprises 1.5% of the metro building stock and 1.8% of the metro building demand.
- The vacancy rate in the Southeast Outlier submarket is 3.63%, which is less than the metro area's average of 18.83%.
- Southeast Outlier market rate is \$24.04/SF which is less than the metro area's average rate of \$29.61/SF.

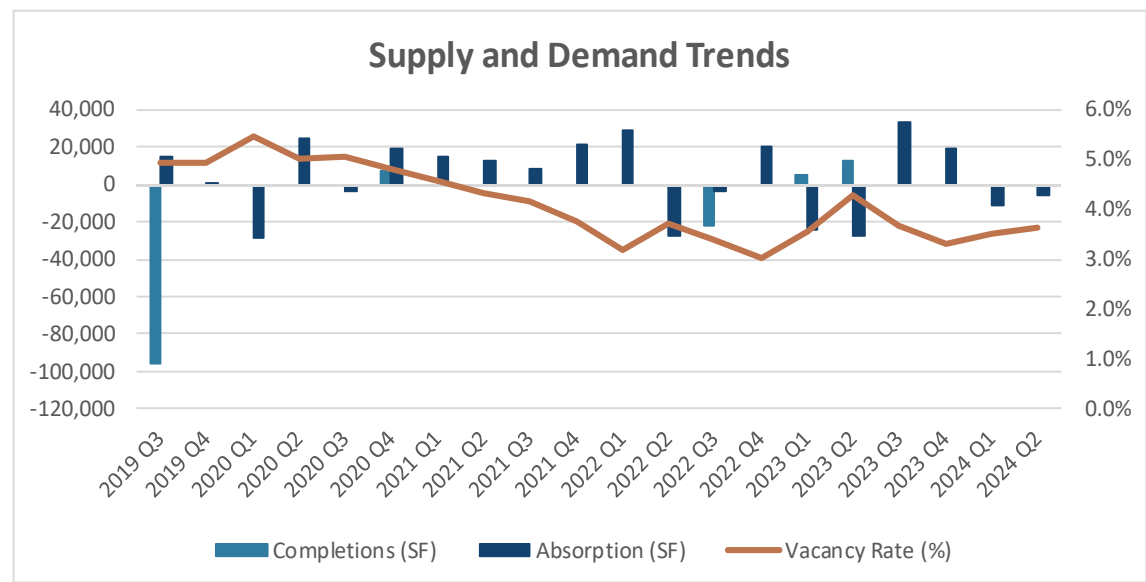
Southeast Outlier Submarket Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the submarket area is 3.63%; the vacancy rate has decreased by 9 bps from 2022 Q2.
- Two-year Base Case forecasts project a 4.89% vacancy rate in the submarket area, representing an increase of 126 bps by 2026 Q2.
- Asking rent averages \$24.04/SF in the submarket area, and values have increased by 3.18% from 2022 Q2.
- Two-year Base Case forecasts project a \$24.49/SF asking rent in the submarket area, representing an increase of 1.87% by 2026 Q2.



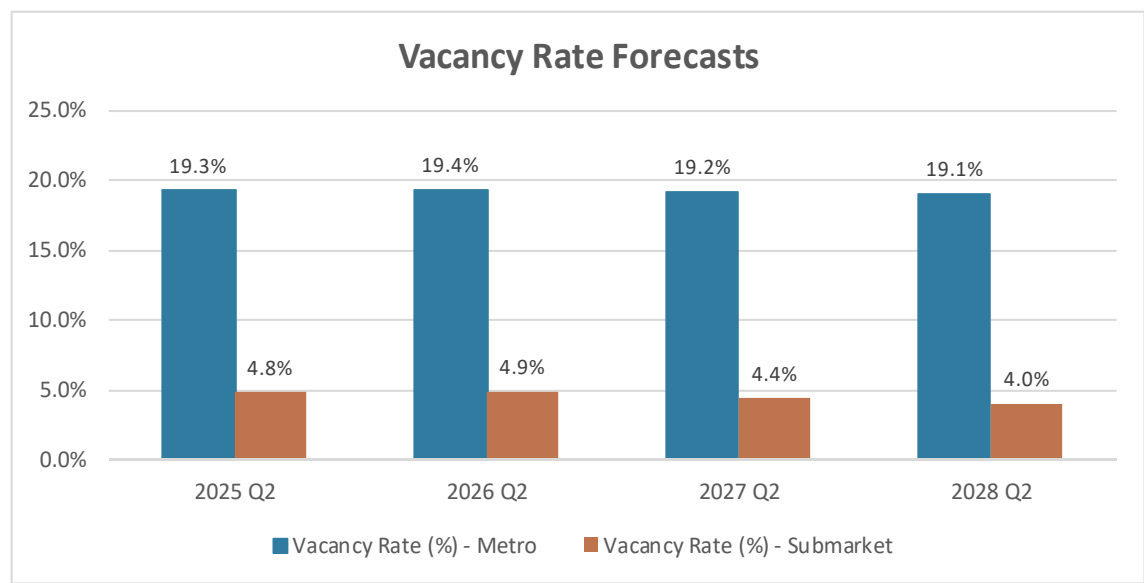


Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

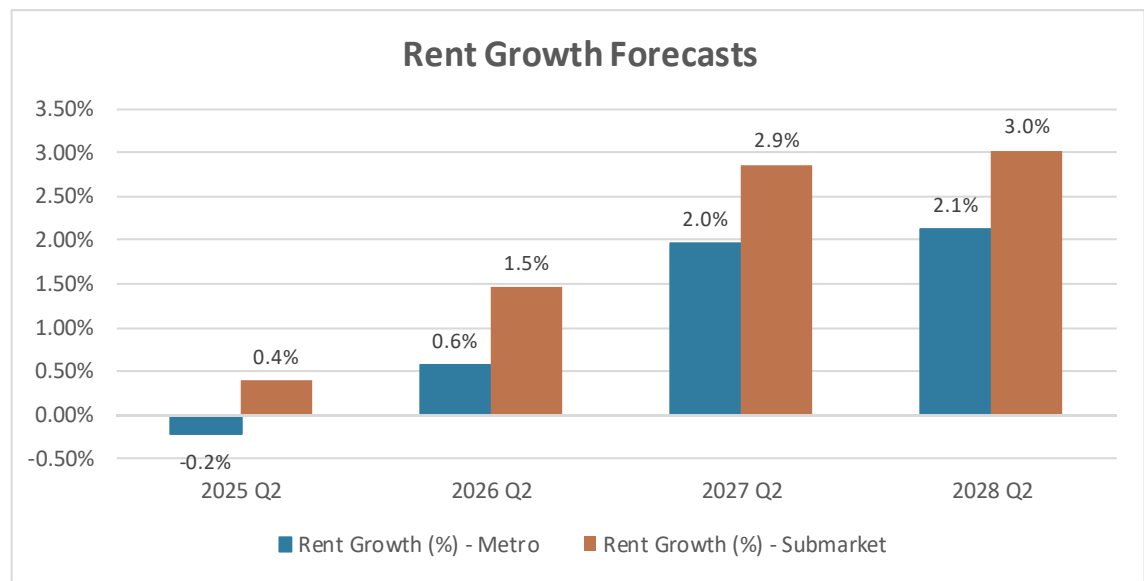
- The total stock (SF) has decreased by 0.08% from 2022 Q2, while the demand has increased by 0.02%.
- Between 2019 Q3 and 2024 Q2, net completions in the submarket area have averaged -18,512 SF annually and reached a peak of 13,151 SF in 2023 Q2.
- Between 2019 Q3 and 2024 Q2, net absorption in the submarket area has averaged 17,574 SF annually and reached a peak of 33,383 SF in 2023 Q3.



Office Market Forecast Comparisons

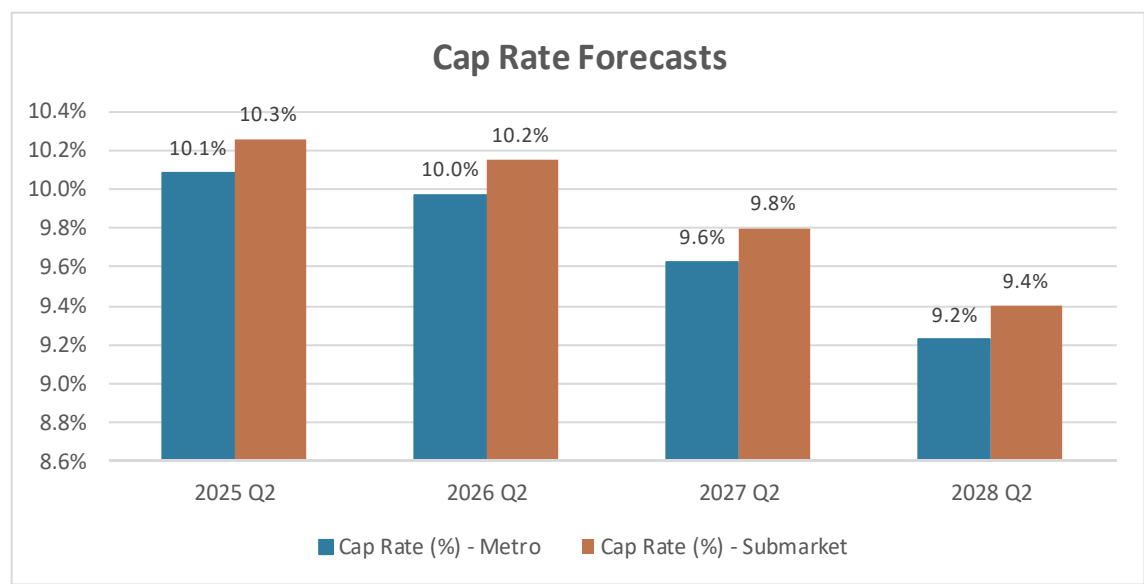


Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.





Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Office Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the DFW metro area to have a positive impact on the subject property’s performance in the near-term.



Multifamily Market Analysis

Metro Area Overview

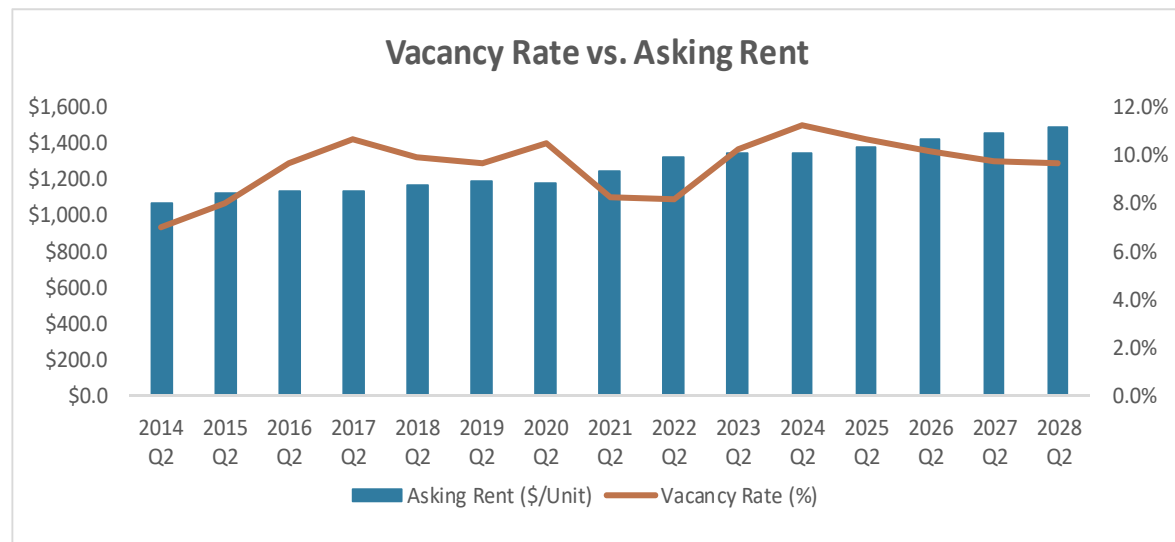
The subject is located in the Houston - TX USA metro area as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

All Multifamily Houston - TX USA Metro Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	536,553	498,910	7.02%	6,440	29,138	8,603	\$1,068	2.66%	5.94%	6.48%
2015 Q2	558,143	513,390	8.02%	21,590	27,526	14,483	\$1,122	5.00%	9.39%	6.18%
2016 Q2	576,580	520,822	9.67%	18,437	26,954	7,458	\$1,132	0.93%	3.73%	6.15%
2017 Q2	594,859	531,566	10.64%	18,276	16,620	10,742	\$1,134	0.16%	3.28%	6.16%
2018 Q2	604,966	544,752	9.95%	10,107	16,130	13,187	\$1,168	3.00%	6.81%	6.01%
2019 Q2	613,863	554,549	9.66%	8,896	25,702	9,802	\$1,184	1.40%	4.25%	5.94%
2020 Q2	631,147	565,129	10.46%	17,281	33,152	10,576	\$1,181	-0.33%	4.25%	5.77%
2021 Q2	651,270	597,716	8.22%	20,123	29,379	32,594	\$1,242	5.22%	14.00%	5.29%
2022 Q2	670,047	615,434	8.15%	18,777	33,922	17,717	\$1,321	6.31%	9.07%	5.19%
2023 Q2	690,998	620,302	10.23%	20,951	37,772	4,869	\$1,341	1.51%	-8.76%	6.06%
2024 Q2	716,046	635,327	11.27%	25,048	19,962	15,025	\$1,344	0.29%	-5.42%	6.44%
2025 Q2	726,469	649,146	10.64%	10,423	0	13,787	\$1,377	2.43%	-2.40%	6.80%
2026 Q2	735,054	660,340	10.16%	8,585	0	11,194	\$1,420	3.10%	7.91%	6.55%
2027 Q2	742,581	670,058	9.77%	7,527	0	9,717	\$1,457	2.59%	8.58%	6.23%
2028 Q2	753,499	680,927	9.63%	10,918	0	10,869	\$1,487	2.13%	8.44%	5.89%

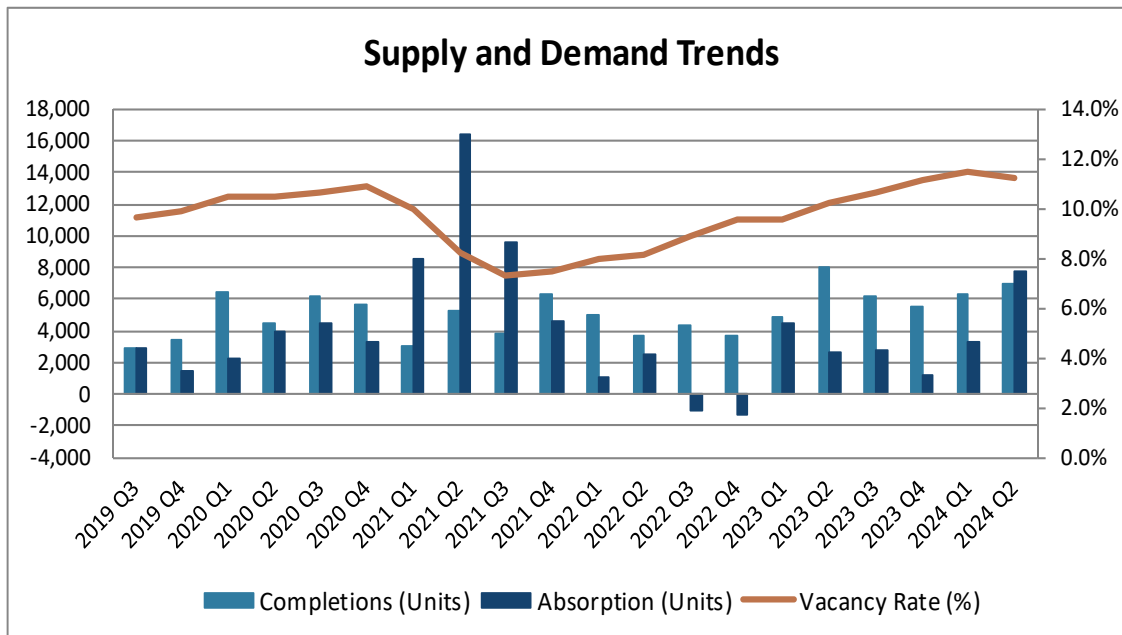
Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Houston - TX USA Metro Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the metro area is 11.27%; the vacancy rate has increased by 312 bps from 2022 Q2.
- Two-year Base Case forecasts project a 10.16% vacancy rate in the metro area, representing a decrease of 111 bps by 2026 Q2.
- Asking rent averages \$1,344/unit in the metro area, and values have increased by 1.77% from 2022 Q2.
- Two-year Base Case forecasts project a \$1,420/unit asking rent in the metro area, representing an increase of 5.62% by 2026 Q2.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (units) has increased by 6.87% from 2022 Q2, while the demand has increased by 3.23%.
- Between 2019 Q3 and 2024 Q2, net completions in the metro area have averaged 20,436 units annually and reached a peak of 8,019 units in 2023 Q2.
- Between 2019 Q3 and 2024 Q2, net absorption in the metro area has averaged 16,156 units annually and reached a peak of 16,410 units in 2021 Q2.

Submarket Overview

The subject is located in the Southeast Houston submarket as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the following table.

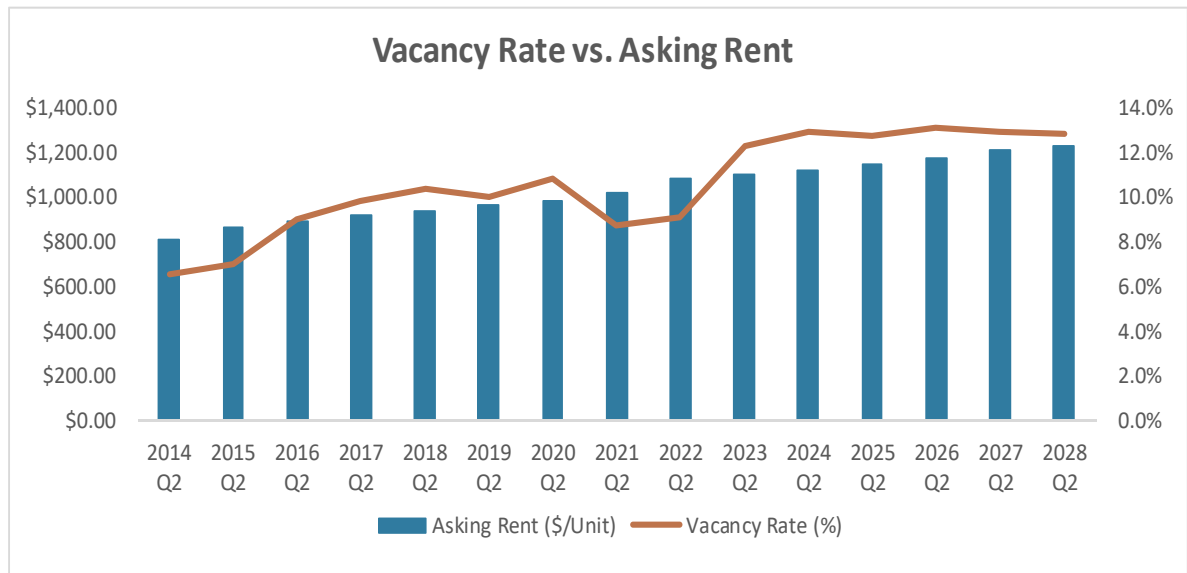
All Multifamily Southeast Houston Submarket Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	68,828	64,301	6.58%	-612	503	512	\$808	3.01%	5.79%	6.95%
2015 Q2	68,900	64,091	6.98%	72	695	-210	\$867	7.35%	9.00%	6.64%
2016 Q2	69,595	63,315	9.02%	695	372	-778	\$898	3.52%	6.37%	6.54%
2017 Q2	70,236	63,303	9.87%	638	408	-12	\$921	2.52%	4.40%	6.52%
2018 Q2	70,320	63,028	10.37%	84	715	-276	\$944	2.51%	8.88%	6.32%
2019 Q2	70,684	63,586	10.04%	364	555	559	\$967	2.50%	8.26%	6.13%
2020 Q2	71,826	64,055	10.82%	1,142	987	469	\$981	1.38%	6.32%	5.90%
2021 Q2	72,363	66,020	8.77%	537	1,132	1,965	\$1,021	4.11%	13.93%	5.39%
2022 Q2	73,146	66,491	9.10%	783	1,963	471	\$1,083	6.10%	7.21%	5.33%
2023 Q2	74,412	65,252	12.31%	1,266	1,901	-1,240	\$1,107	2.22%	-11.09%	6.18%
2024 Q2	75,485	65,713	12.95%	1,073	1,328	460	\$1,118	0.98%	-4.13%	6.55%
2025 Q2	75,697	66,005	12.80%	212	0	292	\$1,147	2.63%	-2.28%	6.90%
2026 Q2	76,675	66,588	13.16%	978	0	583	\$1,181	2.92%	7.69%	6.65%
2027 Q2	77,021	67,068	12.92%	346	0	480	\$1,210	2.43%	8.35%	6.33%
2028 Q2	77,576	67,624	12.83%	555	0	556	\$1,234	1.98%	8.21%	5.99%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The Southeast Houston submarket comprises 10.5% of the metro building stock and 10.3% of the metro building demand.
- The vacancy rate in the Southeast Houston submarket is 12.95%, which is greater than the metro area's average of 11.27%.
- Southeast Houston market rate is \$1,118/unit which is less than the metro area's average rate of \$1,344/unit.

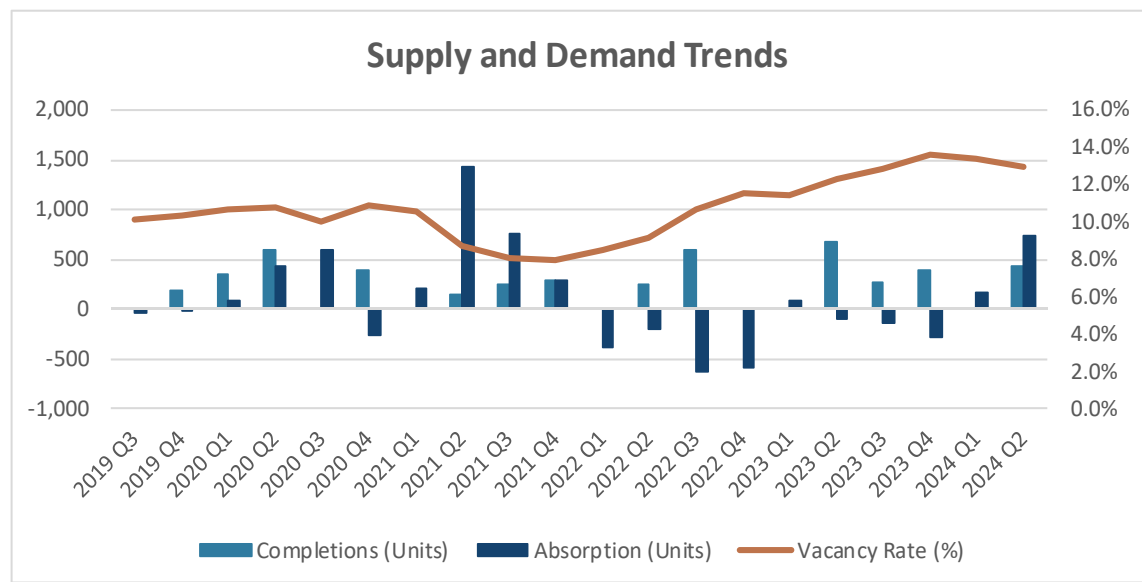
Southeast Houston Submarket Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the submarket area is 12.95%; the vacancy rate has increased by 385 bps from 2022 Q2.
- Two-year Base Case forecasts project a 13.16% vacancy rate in the submarket area, representing an increase of 21 bps by 2026 Q2.
- Asking rent averages \$1,118/unit in the submarket area, and values have increased by 3.23% from 2022 Q2.
- Two-year Base Case forecasts project a \$1,181/unit asking rent in the submarket area, representing an increase of 5.62% by 2026 Q2.



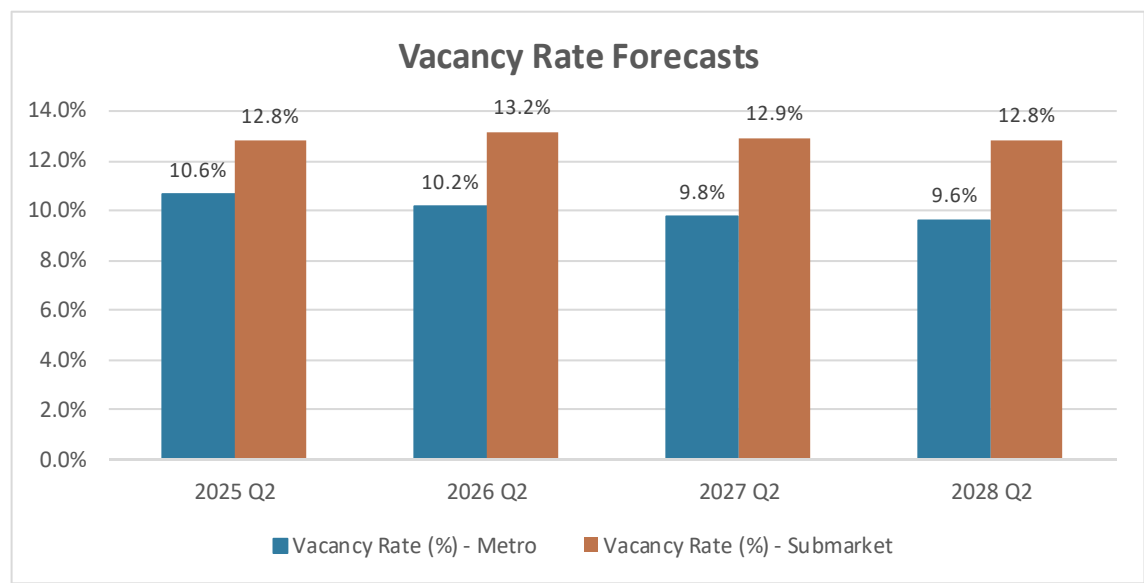


Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

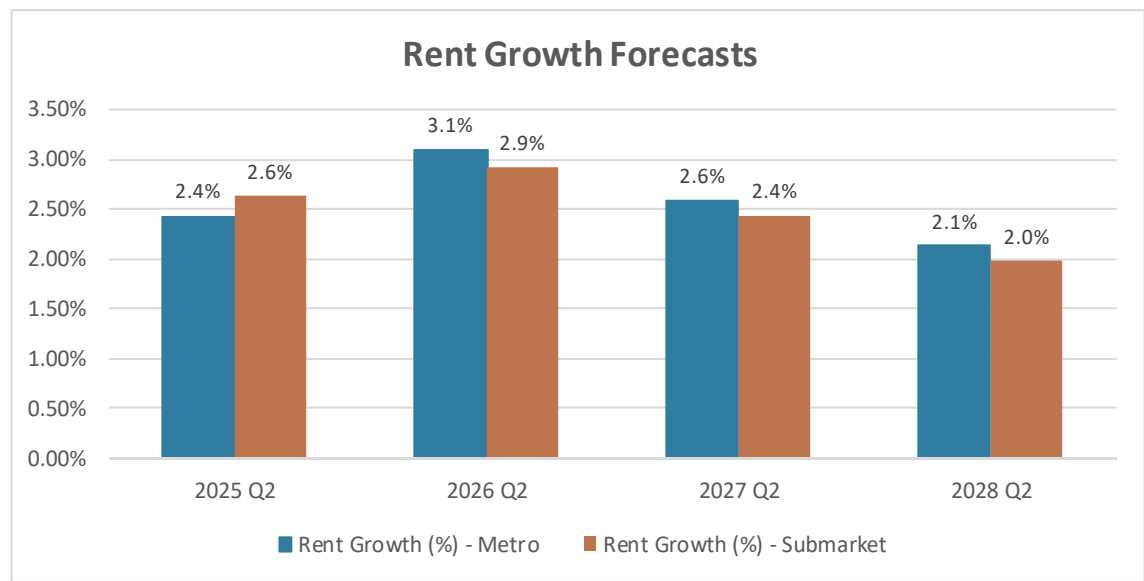
- The total stock (units) has increased by 3.20% from 2022 Q2, while the demand has decreased by 1.17%.
- Between 2019 Q3 and 2024 Q2, net completions in the submarket area have averaged 960 units annually and reached a peak of 675 units in 2023 Q2.
- Between 2019 Q3 and 2024 Q2, net absorption in the submarket area has averaged 425 units annually and reached a peak of 1,436 units in 2021 Q2.



Multifamily Market Forecast Comparisons

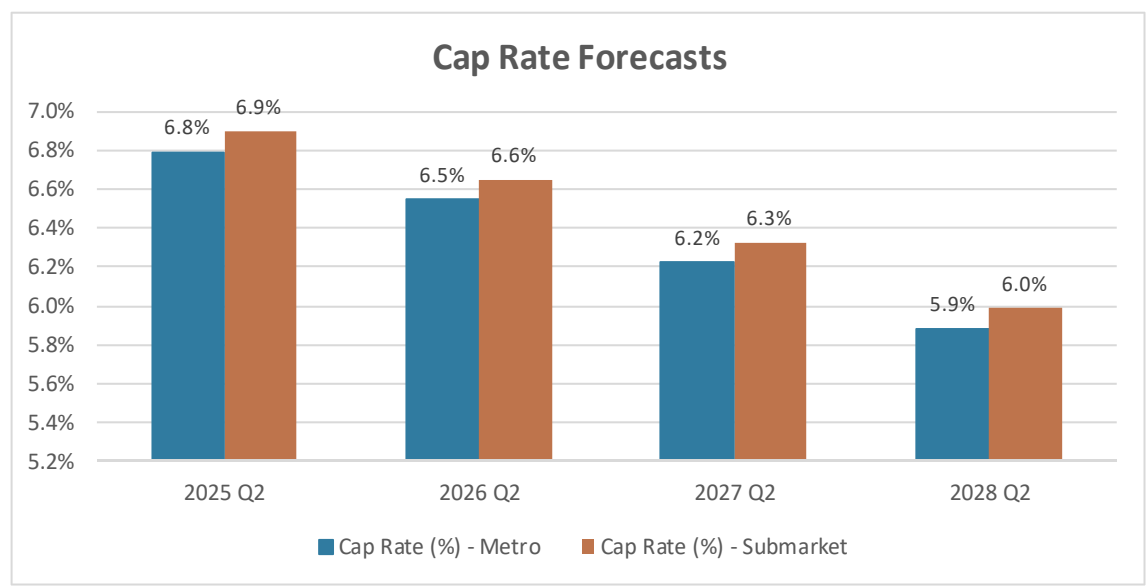


Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.





Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Multifamily Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the DFW metro area to have a positive impact on the subject property’s performance in the near-term.



Property Analysis

Land Description and Analysis

Location

The property is located on the south side of FM-528, west of W. Bay Area Boulevard in the city of Friendswood in south Harris County near the edge of Galveston County.

Land Area

The subject lots are located within the larger 106.472-acre Friendswood City Center Public Improvement District. The following table summarizes the land area for the 12 lots to be valued.

Land Area Summary		
Parcel	SF	Acres
Lot 1	72,266	1.659
Lot 2	64,207	1.474
Lot 3	72,048	1.654
Lot 4	69,565	1.597
Lot 5	63,336	1.454
Lot 6	119,790	2.750
Lot 7	118,309	2.716
Lot 8	115,870	2.660
Lot 9	133,816	3.072
Lot 10	160,606	3.687
Lot 11	78,669	1.806
Lot 12	762,953	17.515
Source: Engineering Report		

Shape and Dimensions

The sites are generally rectangular in shape. Site utility based on shape and dimensions are average for each.

Topography

The sites are generally level. The topography does not result in any particular development limitations.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Flood Hazard Status

The following table indicates applicable flood hazard information for the subject property, as determined by review of available flood maps obtained from the Federal Emergency Management Agency (FEMA).

Flood Hazard Status	
Community Panel Number	48167C0018G
Date	August 15, 2019
Zone	AE
Description	Within 100-year floodplain
Insurance Required?	Yes

It is noted that portion of Lots 6-12 are currently in the AE flood zone. However, as part of the development process these lots will be elevated out of the flood zone.

Environmental Hazards

An environmental assessment report was not provided for review, and during the inspection, no obvious signs of contamination on or near the subject were observed. However, environmental issues are beyond the scope of expertise of the assignment participants. It is assumed the property is not adversely affected by environmental hazards.

Ground Stability

A soils report was not provided for review. Based on the viewing of the subject and development on nearby sites, there are no apparent ground stability problems. However, soils analyses are beyond the scope of expertise of the assignment participants. It is assumed the subject's soil bearing capacity is sufficient to support a variety of uses, including those permitted by zoning.

Utilities

Utilities available to the subject are summarized below.

Utilities	
Service	Provider
Water	City of Friendswood
Sewer	City of Friendswood

Interpretation of zoning ordinances is beyond the scope of expertise of the assignment participants. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Streets, Access and Frontage

Details pertaining to street access and frontage for the entire Friendswood City Center Public Improvement District are provided in the following table.

Streets, Access and Frontage	
Street	FM-528
Frontage Feet	2,250±
Paving	Concrete
Curbs	Yes
Sidewalks	No
Lanes	2 way, 3 lanes each way
Direction of Traffic	East/West
Condition	Average
Traffic Levels	Moderate
Signals/Traffic Control	None
Access/Curb Cuts	None
Visibility	Good

Zoning

The subject is within a Planned Unit Development (PUD) district. The Planning Concept is to provide a strong neighborhood identity with walkable mixed -use facilities that allow access to services and other businesses without requiring residents to use a car as their main mode of transportation. To accomplish this, Friendswood City Center PUD will combine commercial, retail, hospitality, office, and multifamily residential developments into a vibrant community with walkable streets that support alternative modes of transportation.

The following table summarizes the applicable zoning requirements affecting the subject.

Zoning Summary	
Zoning Jurisdiction	City of Friendswood
Zoning Designation	PUD (Planned Unit Development)
Description	Mixed-use
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Office, retail and multi-family

According to the local planning department, there are no pending or prospective zoning changes. A summary of the restrictions for the 12 lots is summarized in the following table:



Building Regulations

Friendswood City Center PUD Regulation Matrix

PUD Zoning District	Units Per Acre	Lot Area Minimum Sq Ft	Lot Width Minimum Sq Ft	Lot Depth Minimum Sq Ft	Front Yard Setback	Rear Yard Setback	Interior Side Yard	Exterior Side Yard	Maximum Height (4 stories)	Landscape Buffer Width (FM 528)	Landscape Buffer Width (Except FM 528)
Lot 1	n/a	15000	100	150	100	10	10	25	40	15	5
Lots 2-5	n/a	15000	100	150	160	10	10	25	40	15	5
Lots 7	29	15000	100	150	0	10	10	10	70	0	0
Lots 8	n/a	15000	100	150	0	10	10	10	70	0	0
Lots 6, 9, 10	29	15000	100	150	50	0	10	25	70	15	5
Lot 11	29	15000	100	150	0	0	10	25	70	0	0
Lot 12 MFR	29	n/a	n/a	n/a	25	0	25	25	70	0	5

Base zoning districts CSC and MFR-H per COF Zoning Ordinance.

Lot coverage based on approved drainage plan.

Landscape buffers may include walkways, boardwalks, patios, plazas, courtyards, bulkheads, retaining walls, and similar structures are permitted in the landscape buffer except for along FM 528.

No multifamily use shall be allowed on the first floor of Lots 6, 7, 9 and 10.

Other Land Use Regulations

There are no other known land use regulations that would affect the property.

Easements, Encroachments and Restrictions

Based upon a review of the property survey, there are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include office, retail and multi-family. No other restrictions on development are apparent.

General Description - Friendswood City Center Public Improvement District

The Friendswood City Center Development is a 106.472-acre property that will eventually include multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Boulevard to W. Bay Area Boulevard, and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties. Although currently the majority of the overall site is located in a flood zone, upon completion of development, only the southern 52.343 acres will remain as a flood/drainage/recreation/open space area.

The subject represents 12 lots within the Friendswood City Center Public Improvement District (the "PID"). Currently, six of the 12 lots (1-6) are developable with the remaining lots requiring infrastructure which is scheduled for completion by May 31, 2025. In addition, portions, or all, of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process. However, Lots 1-5 are currently ready for vertical development and are to be improved with retail buildings as of the effective date of the appraisal. Our valuation also includes both the land values as well as the improvement values for these improvements on a stabilized basis. The 12 lots are zoned under a PUD (Planned Unit Development) which allows for office, retail and multi-family uses.

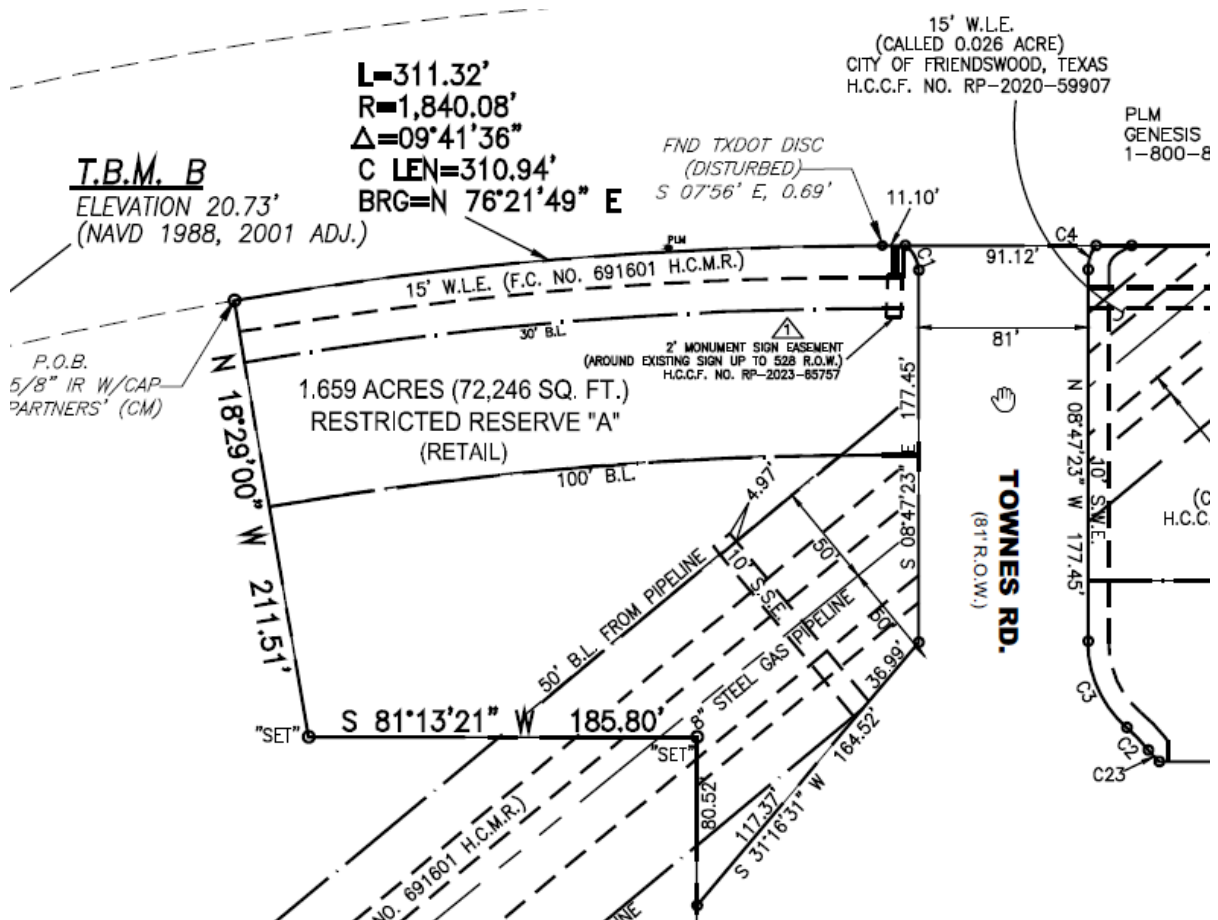
As part of the development process, six of the 12 lots (6-12) will be elevated from the flood zone and interior streets will be constructed to provide access to all 12 lots. Improvements will include concrete streets with curbs and gutters, streetlights, landscaping, and an entry feature. In addition, as part of the PID Improvements development a public park will be constructed.

"The Park at Friendswood Center" will be a 50± acre park amenity that will be located along the banks of Clear Creek. It is designed to serve as a storm water detention area for the neighboring developments as well as a place for the residents of these neighborhoods to experience nature. Within the Park there will be a 2.2-mile network of trails that will connect exercise stations, stone benches, bird viewing platforms and other amenities along the paths. The paths will be lit with solar powered led lighting along the entire trail.

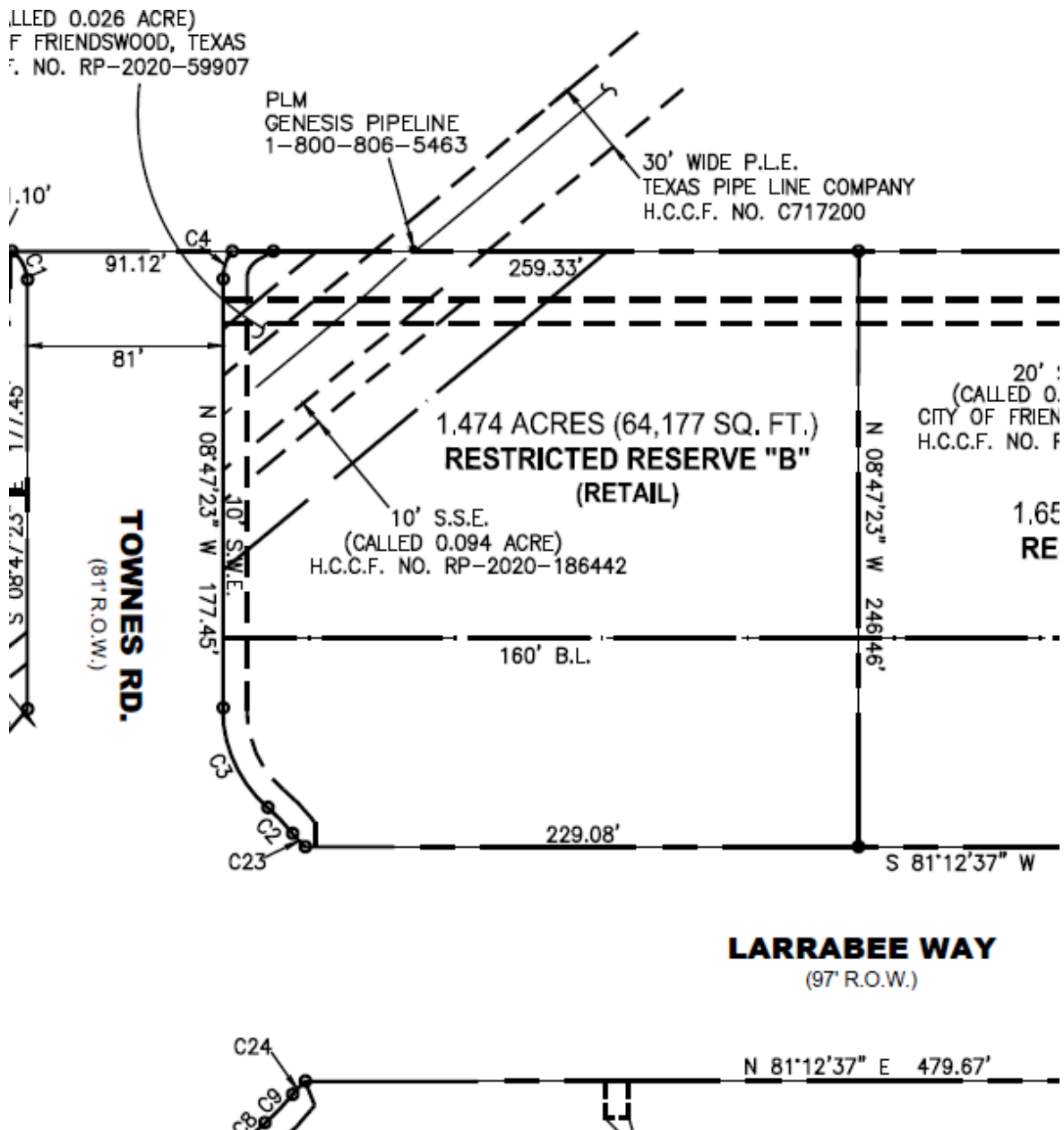
"The Park at Friendswood Center" will be anchored on the southern end by Clear Creek and on the northern edge by a 4-acre fishing pond with dock and pier, which will be connected by a waterfall to a lower 5-acre wetland pond for a natural lead into the forest beyond. In addition to the trails, the park will also have a bath house with toilet and outdoor shower facilities, lighted parking and groundskeeping facilities.

A summary of each lot follows:

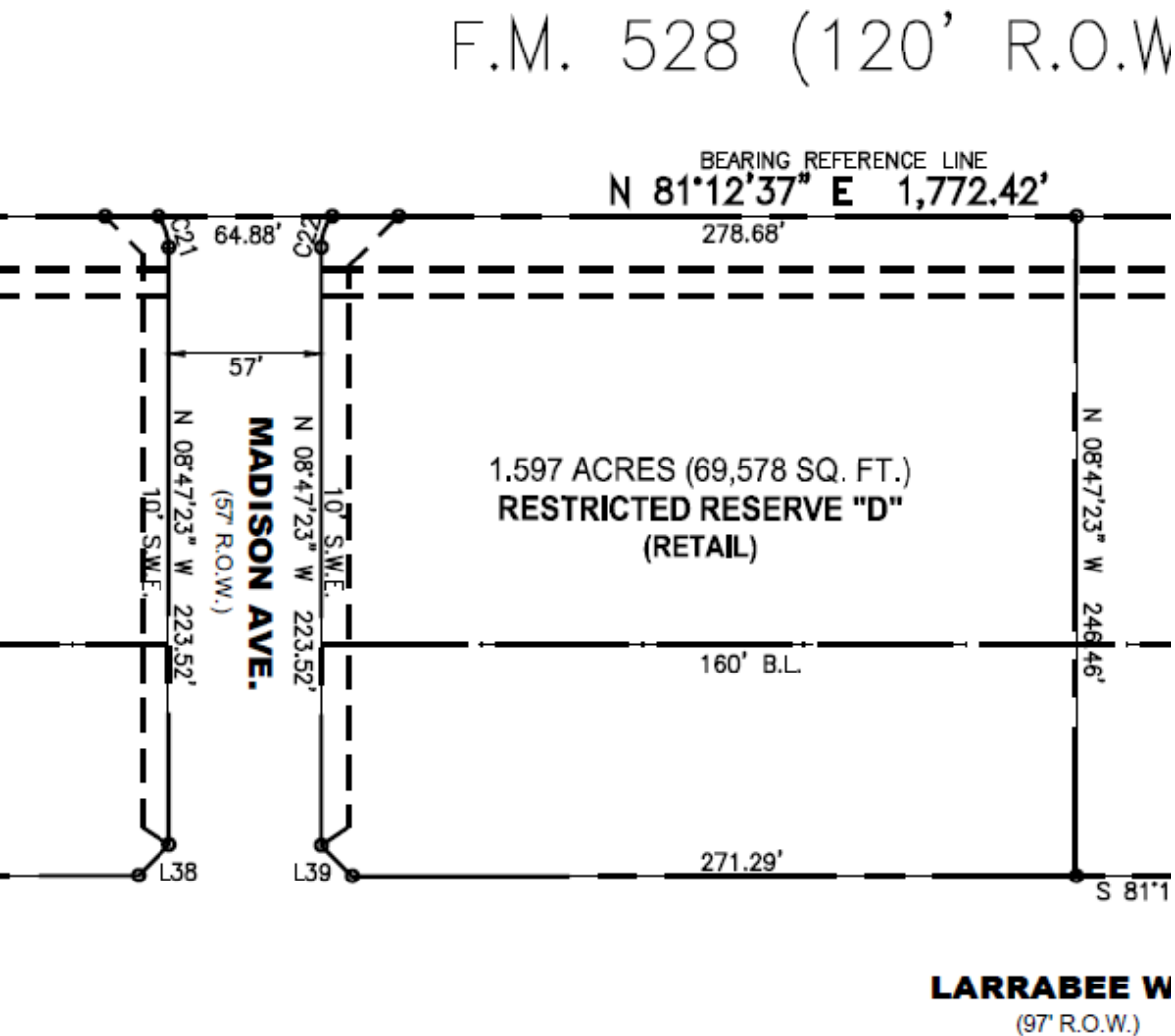
Lot 1 (Reserve A) is located at the southwest corner of FM-528 and existing Townes Road in the northwest quadrant of the PID. This semi-rectangular shaped lot contains 1.659 gross acres (72,246 square feet) and is to be developed for retail uses with a 15,374 square foot building. The site has a 50' pipeline easement located in the southeast quadrant; however, this area can be used for parking and drive thru.



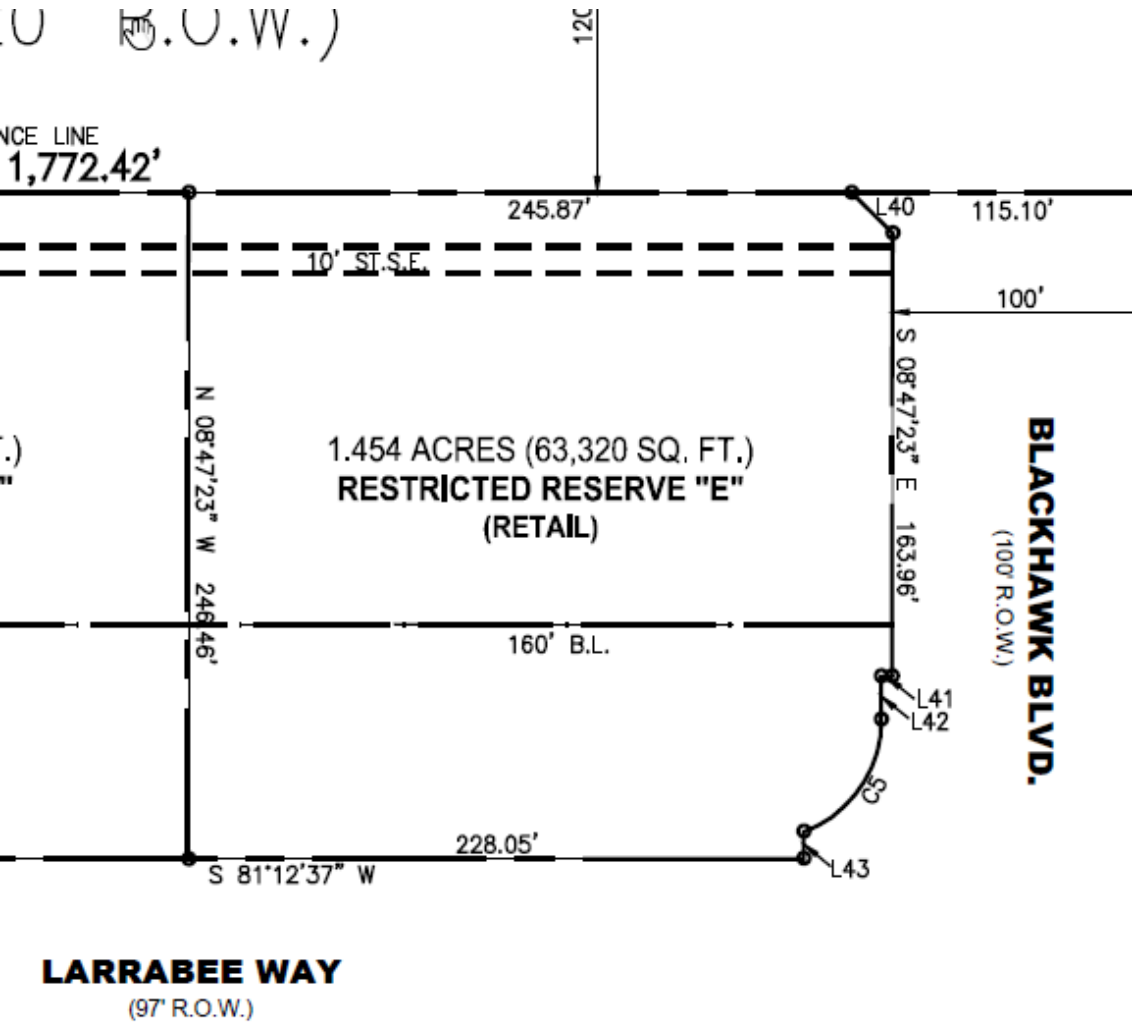
Lot 2 (Reserve B) is located at the southeast corner of FM-528 and existing Townes Road in the northwest quadrant of the PID. The lot also encompasses the northeast corner of Townes Road and proposed Larrabee Way. This rectangular shaped lot contains 1.474 gross acres (64,177 square feet) and is to be developed for retail/office uses with a 14,880 square foot building. The site has a 50' pipeline easement located in the northwest quadrant; however, this area can be used for parking.



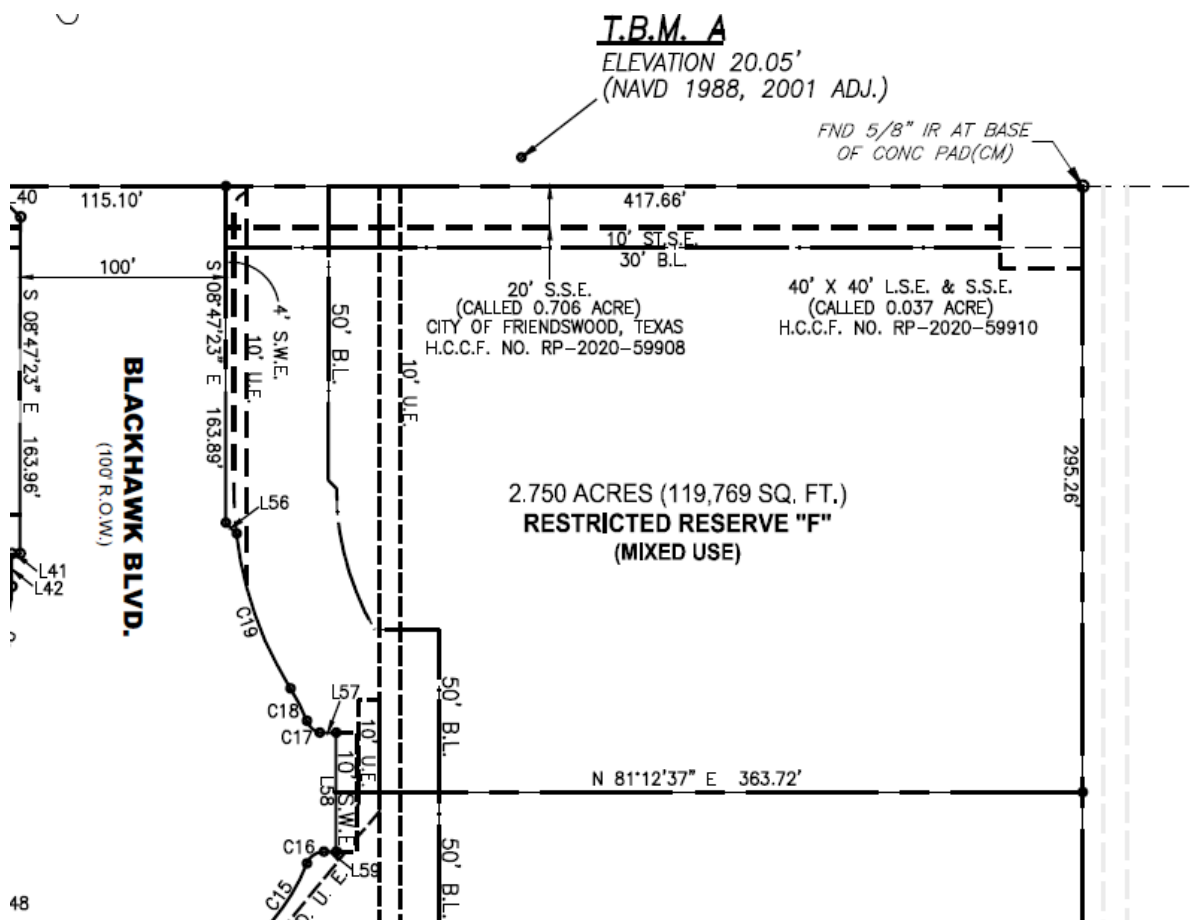
Lot 4 (Reserve D) is located at the southeast corner of FM-528 and proposed Madison Avenue in the central quadrant of the PID. The lot also encompasses the northeast corner of proposed Madison Avenue and proposed Larrabee Way. This rectangular shaped lot contains 1.597 gross acres (69,578 square feet) and is to be developed for retail/office uses with a 14,862 square foot building.



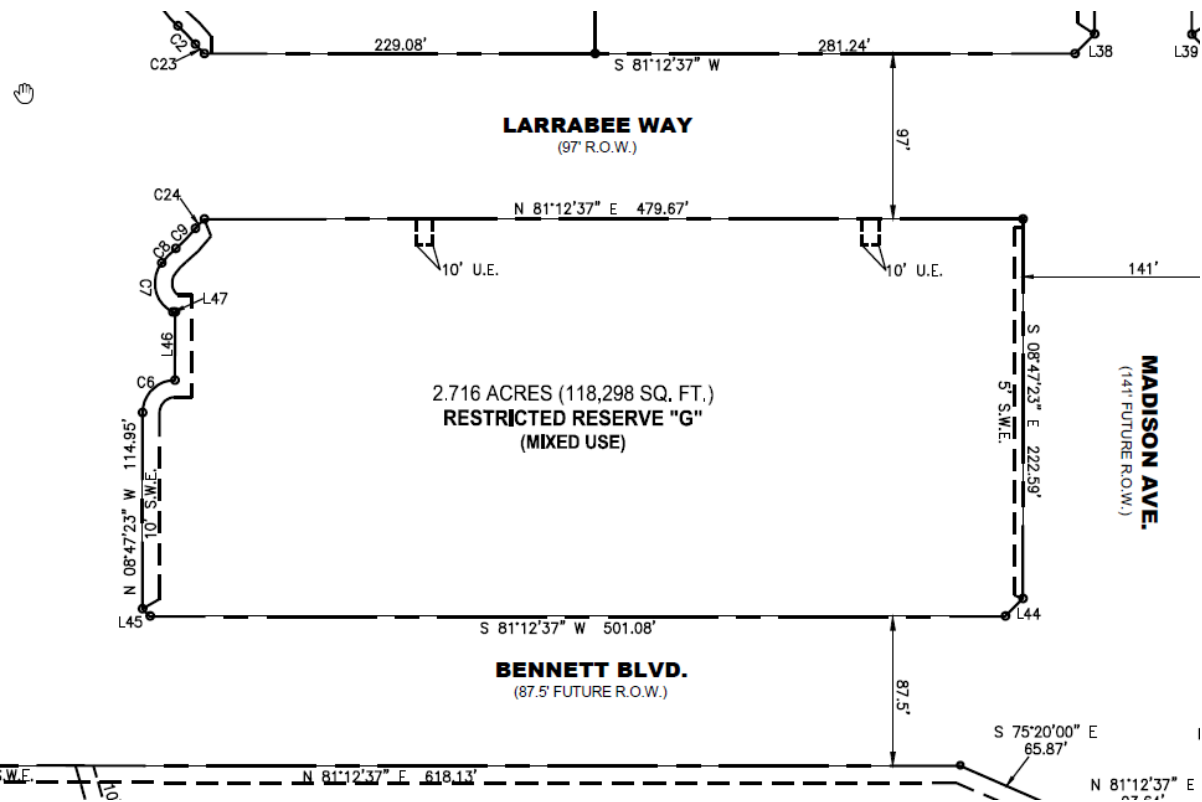
Lot 5 (Reserve E) is located at the southwest corner of FM-528 and proposed Blackhawk Avenue in the northeast quadrant of the PID. The lot also encompasses the northwest corner of proposed Blackhawk Avenue and proposed Larrabee Way. This rectangular shaped lot contains 1.454 gross acres (63,320 square feet) and is to be developed for retail/office uses with a 15,684 square foot building.



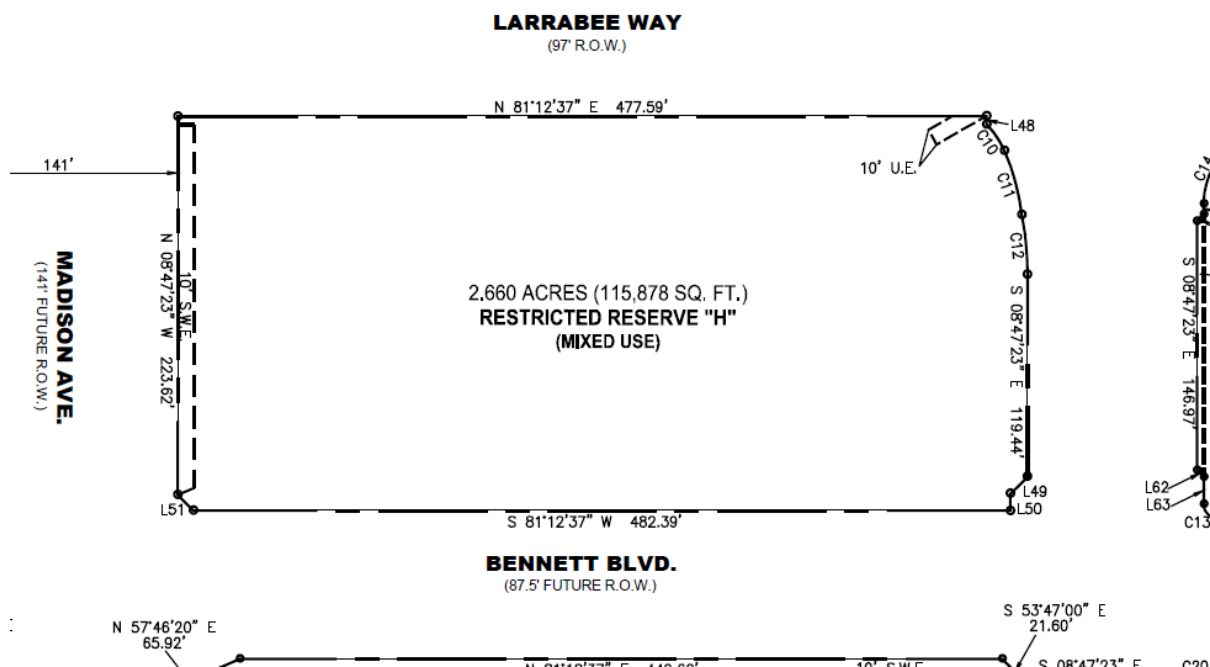
Lot 6 (Reserve F) is located at the southeast corner of FM-528 and proposed Blackhawk Avenue in the northeast quadrant of the PID. This rectangular shaped lot contains 2.750 gross acres (119,769 square feet) and is to be developed for a combination of multi-family and retail/office uses with a 100,000 square foot building.



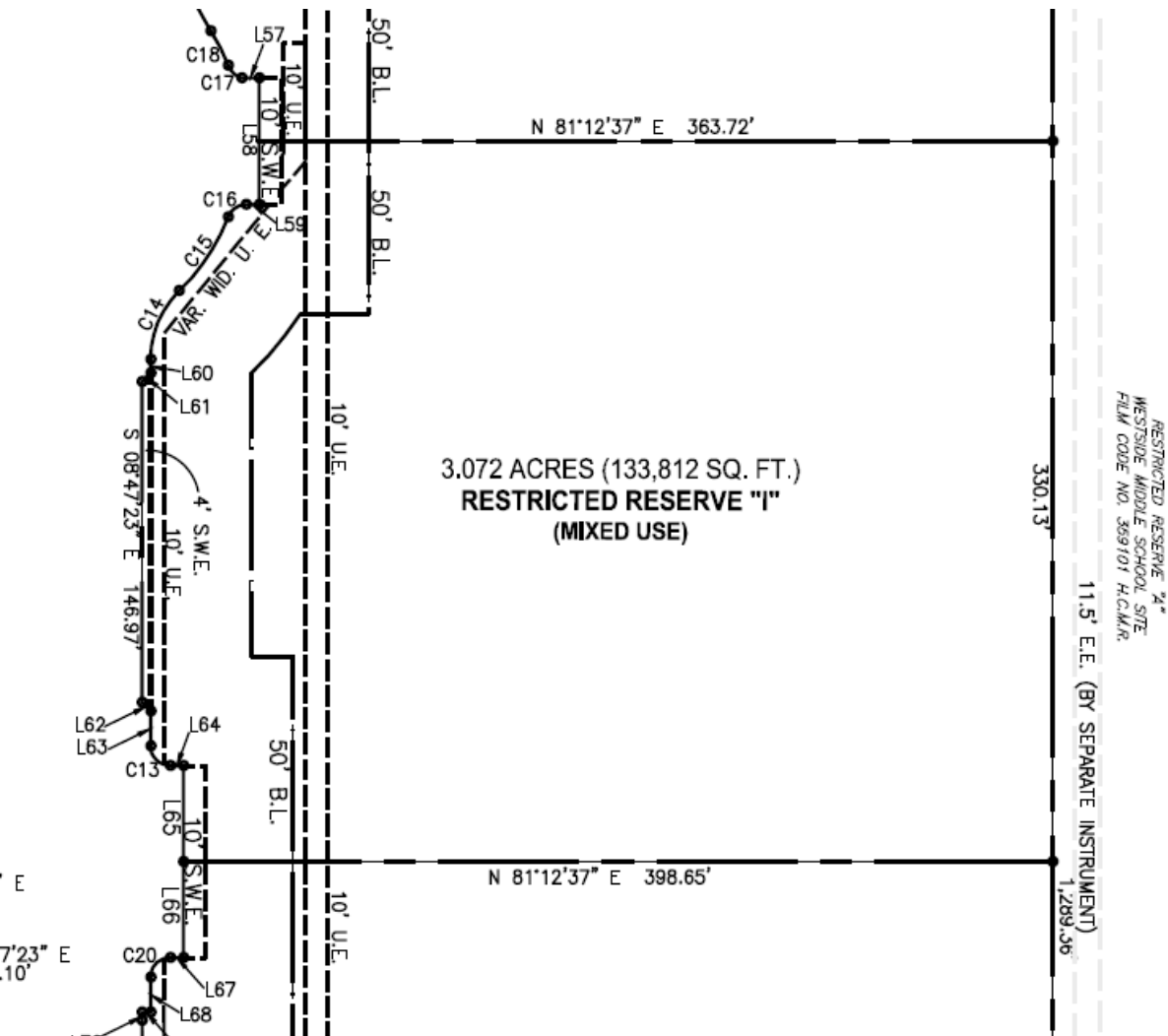
Lot 7 (Reserve G) is located at the southwest corner of proposed Madison Avenue and proposed Larrabee Way in the western central quadrant of the PID. The lot is bounded on all four sides by proposed roadways. This rectangular shaped lot contains 2.716 gross acres (118,298 square feet) and is to be developed for a combination of multi-family and retail/office uses with a 111,000 square foot building.



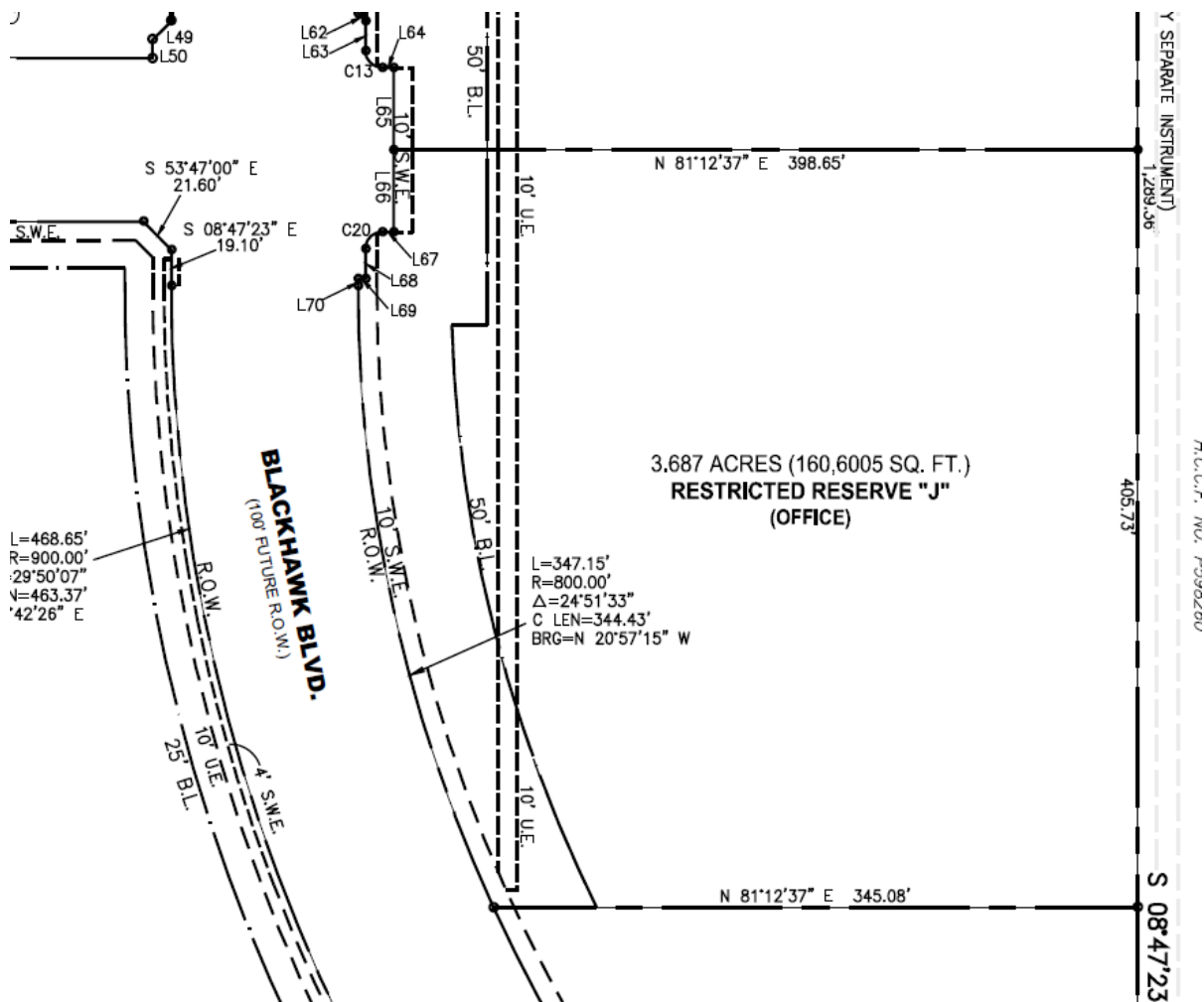
Lot 8 (Reserve H) is located at the southwest corner of proposed Blackhawk Avenue and proposed Larrabee Way in the eastern central quadrant of the PID. The lot is bounded on all four sides by proposed roadways. This rectangular shaped lot contains 2.660 gross acres (115,878 square feet) and is to be developed with a hotel with a 167,300 square foot building.



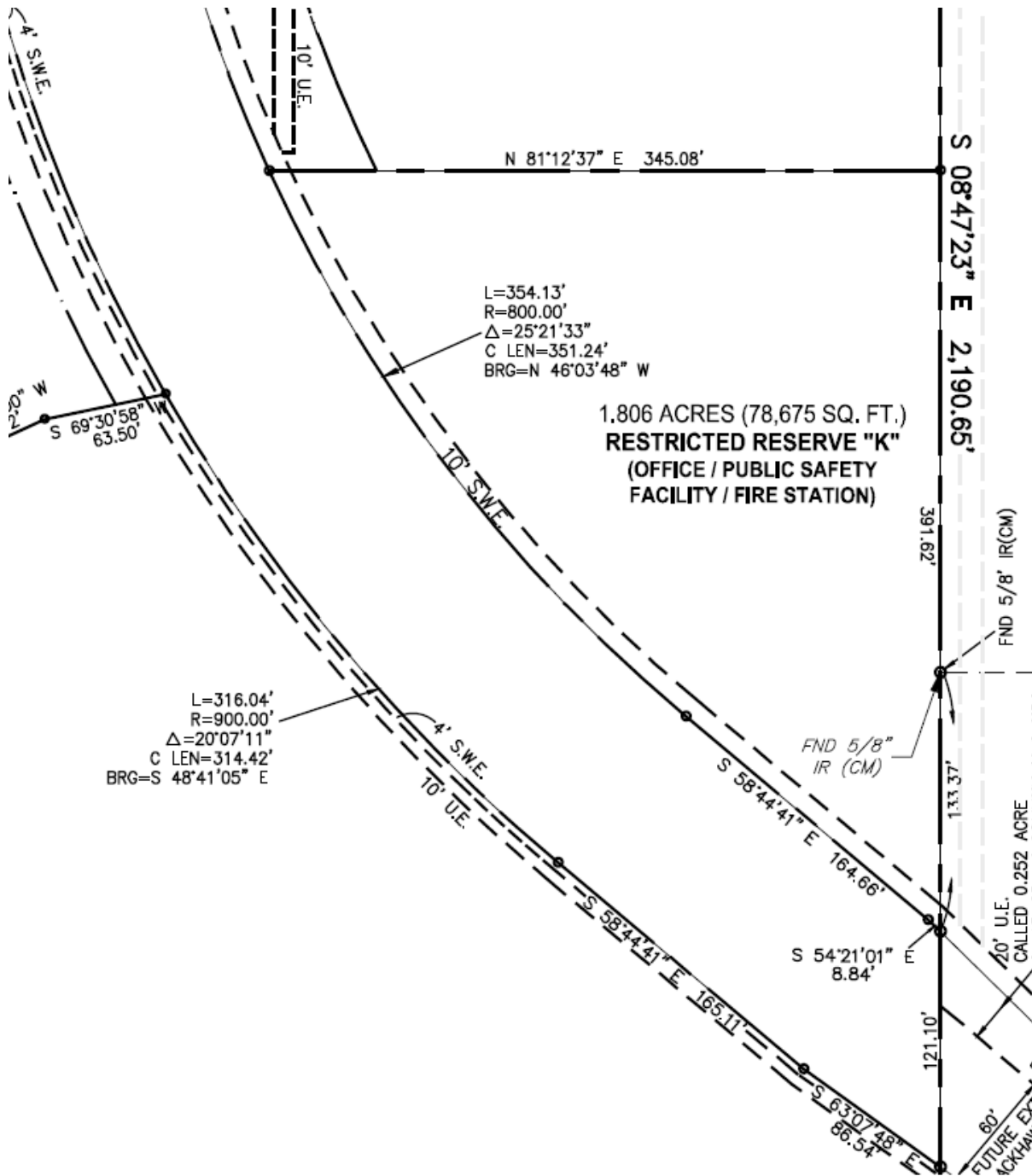
Lot 9 (Reserve I) is located on the east side of proposed Blackhawk Boulevard at proposed Larrabee Way in the eastern central quadrant of the PID. This rectangular shaped lot contains 3.072 gross acres (133,812 square feet) and is to be developed for a combination of multi-family and retail/office uses with a 100,000 square foot building.



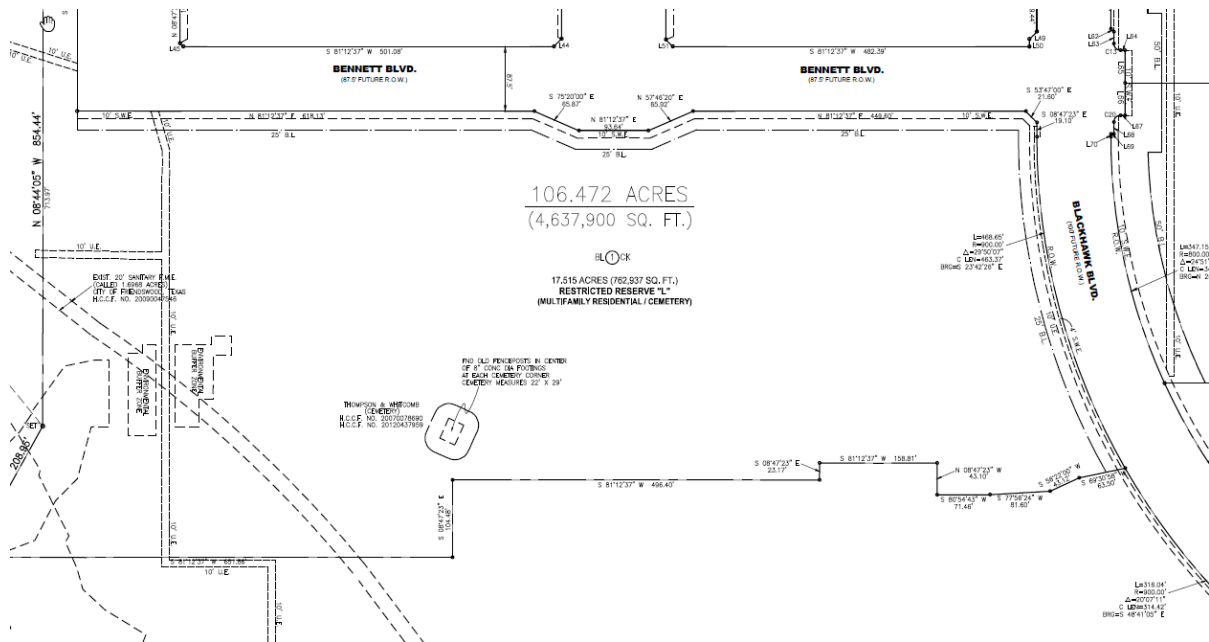
Lot 10 (Reserve J) is located on the east side of proposed Blackhawk Boulevard at proposed Bennett Boulevard in the eastern central quadrant of the PID. This rectangular shaped lot contains 3.687 gross acres (160,605 square feet) and is to be developed with a medical office building with a 115,000 square foot building.



Lot 11 (Reserve K) is located on the east side of proposed Blackhawk Boulevard, south of proposed Bennett Boulevard in the southeastern quadrant of the PID. This triangular shaped lot contains 1.806 gross acres (78,675 square feet) and is to be developed with a medical office building with a 76,000 square foot building.



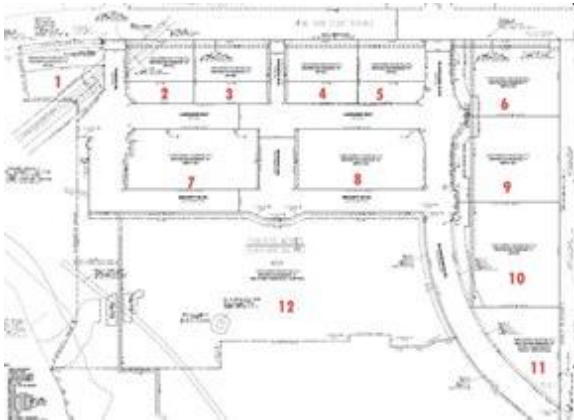
Lot 12 (Reserve L) is located at the southwest corner of proposed Blackhawk Boulevard and proposed Bennett Boulevard in the south-central quadrant of the PID. This rectangular shaped lot contains 17.515 gross acres (762,937 square feet) and is to be developed with a 500-unit apartment complex. It is also noted that this slot will be adjacent to the open space portion of the development with a large man-made pond with fishing pier.



The 12 lots and buildings to be valued within the Friendswood City Center Public Improvement District are summarized in the following exhibit:

Friendswood City Center Public Improvement District

Parcel/Building	Legal	Size/Acres	Building	Expected
			Size SF	Completion Date
Lot 1	(Reserve A)	1.659	N/A	July 5, 2024
Lot 2	(Reserve B)	1.474	N/A	July 5, 2024
Lot 3	(Reserve C)	1.654	N/A	July 5, 2024
Lot 4	(Reserve D)	1.597	N/A	July 5, 2024
Lot 5	(Reserve E)	1.454	N/A	July 5, 2024
Lot 6	(Reserve F)	2.75	N/A	May 31, 2025
Lot 7	(Reserve G)	2.716	N/A	May 31, 2025
Lot 8	(Reserve H)	2.66	N/A	May 31, 2025
Lot 9	(Reserve I)	3.072	N/A	May 31, 2025
Lot 10	(Reserve J)	3.687	N/A	May 31, 2025
Lot 11	(Reserve K)	1.806	N/A	May 31, 2025
Lot 12	(Reserve L)	17.515	N/A	May 31, 2025
Building 1	(Reserve A)	1.659	15,374	May 31, 2025
Building 2	(Reserve B)	1.474	14,880	May 31, 2025
Building 3	(Reserve C)	1.654	16,608	May 31, 2025
Building 4	(Reserve D)	1.597	14,862	May 31, 2025
Building 5	(Reserve E)	1.454	14,684	May 31, 2025







Aerial Photograph

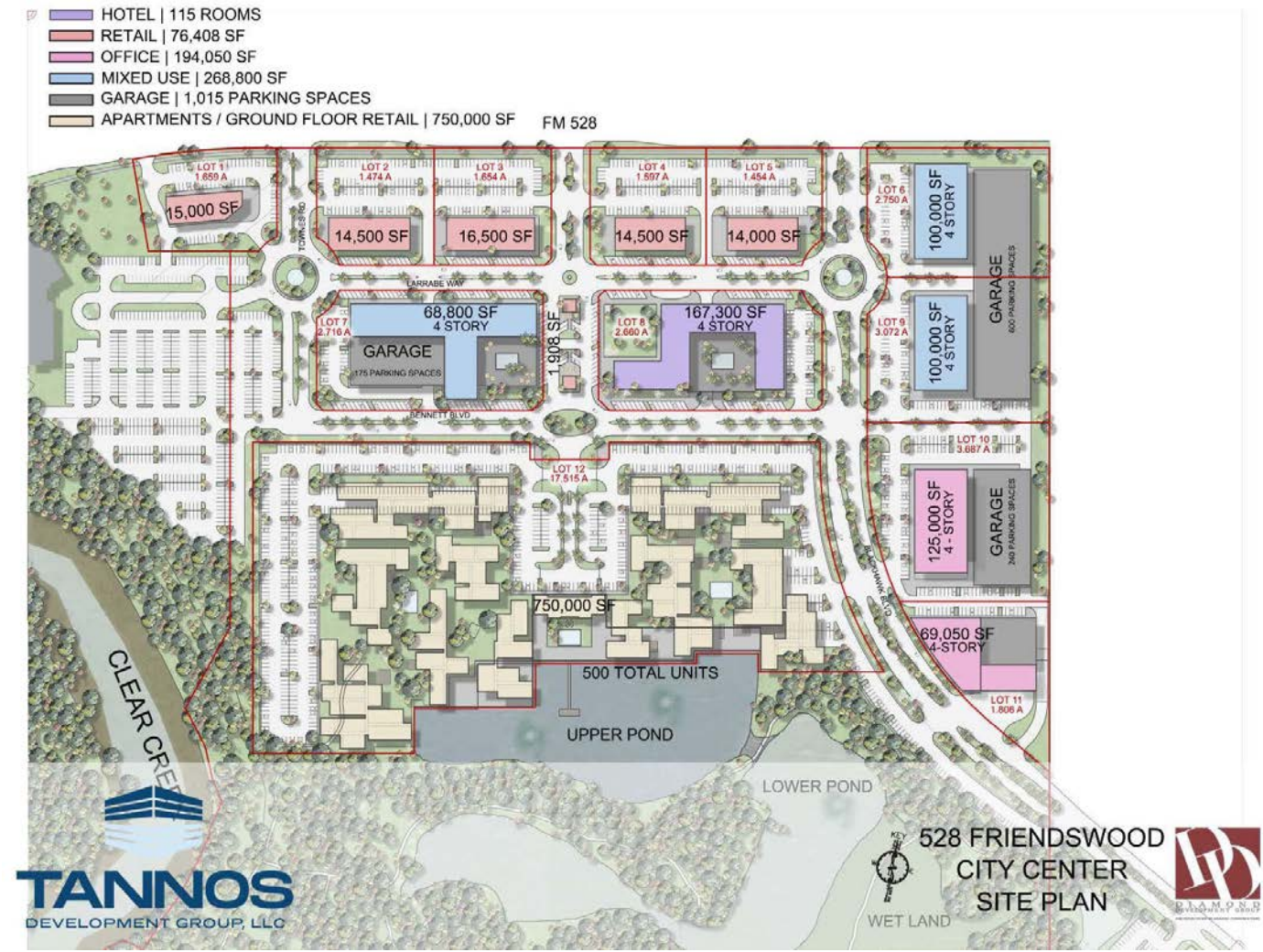


Tax Plat Map

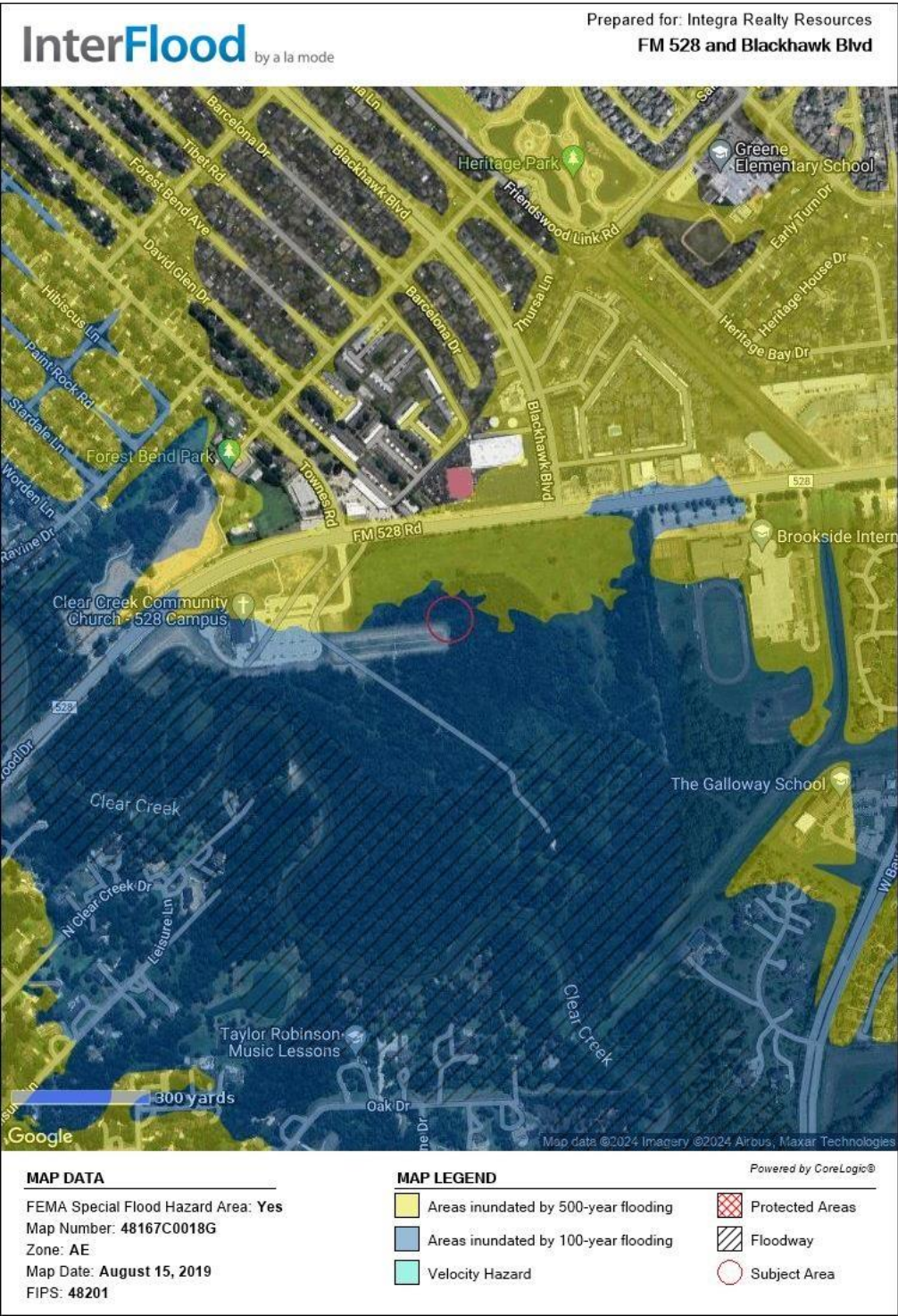


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Concept Plan

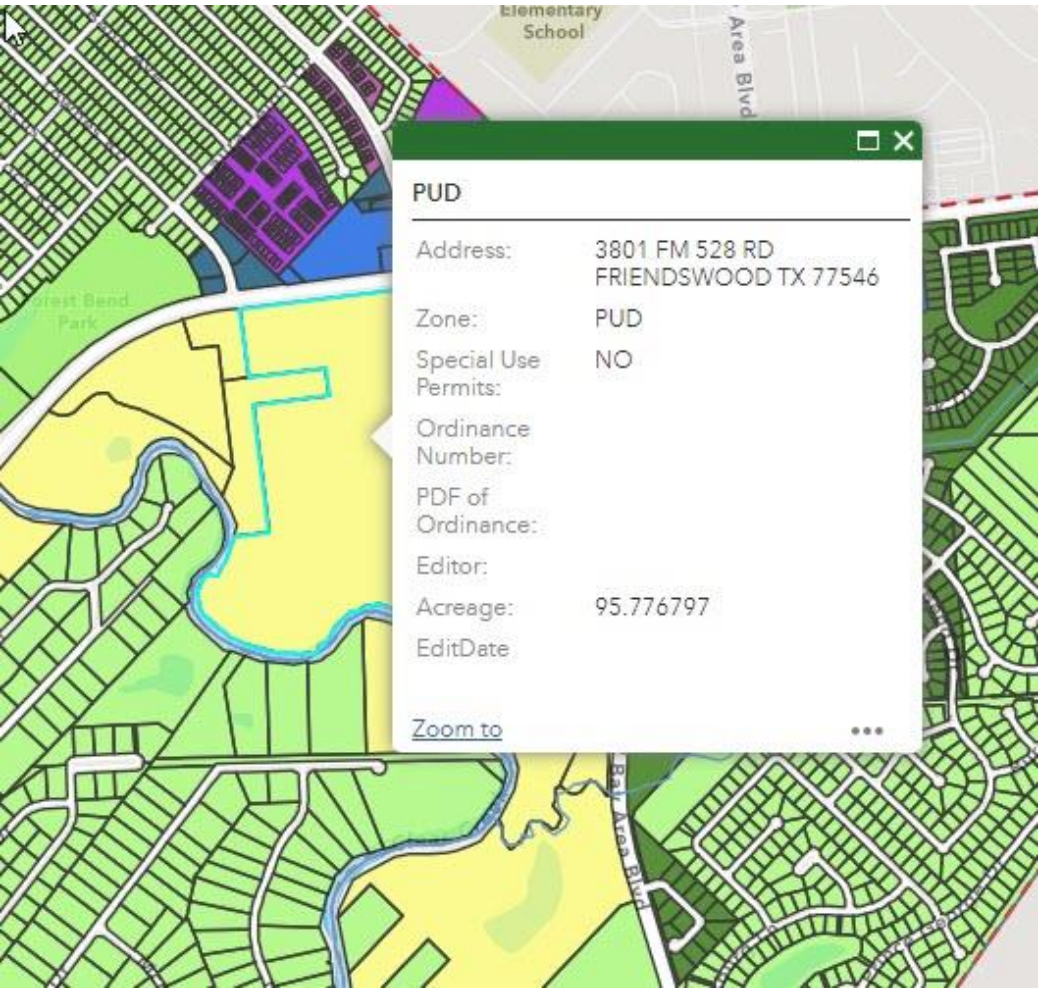


Flood Hazard Map(s)





Zoning Map



Allocation of Authorized Improvements

Based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City unless otherwise noted. The budget for the Authorized Improvements is shown on **Exhibit B-1**.

A. Initial Major Improvements

I. Roadway Improvements

▪ *FM 528 Traffic Improvements*

Signalization improvements at F.M. 528 and Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications. Includes the addition of a southbound left turn lane on Townes Rd. to balance the new (widening) approach to F.M. 528 northbound from the new development.

Includes signalization improvements at F.M. 528 and Blackhawk Blvd. consisting of upgrades to the existing traffic signal to full operation to current Texas Department of Transportation specifications with a new south leg of the intersection, and addition of southbound left turn lane at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd. to balance the new widening approach to F.M. 528 for access management purposes. The signalization improvements will be owned and operated by the TxDOT and will provide benefit to each Lot within the District.

- *Phase 1 Blackhawk Boulevard Improvements*

Improvements include 4 lane arterial street construction to serve as an extension of the existing Blackhawk Boulevard from F.M. 528 to the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard and includes the construction of the roundabout. The extension will provide connection to Larrabee Way, as well as multiple local streets and is calculated to be approximately 3,512 square yards of roadway construction. Also includes the addition of a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to F.M. 528 for access management purposes. The Phase 1 Blackhawk Boulevard Improvements will provide benefit to each lot within the District.

- *Phase 1 Townes Road Improvements*

Includes the construction of 4,276 square yards of reinforced concrete street to include subgrade and a roundabout at the intersection of Townes Road and Larrabee Way, that serves as a continuation of the existing Townes Road located north of F.M. 528. The construction of the new section will begin at F.M. 528 and terminates at Larrabee Way at the southern end of the roundabout at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Madison Avenue Improvements*

Includes the construction of 1,543 square yards of a reinforced concrete street to include subgrade that will provide 2 travel lanes beginning at F.M. 528 and terminating at the 4-way stop at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Larrabee Way Improvements*

Includes the construction of 2 lanes, 12,275 square yards of a reinforced concrete street to include subgrade which will transverse perpendicular to Madison Avenue and includes a 4-way stop at the intersection of Madison Avenue and Larrabee Way. The street improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 1 Earthwork, Paving and Grading*

Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the Phase 1 Storm Drainage improvements, Detention Pond 1 and

Detention Pond 2, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site, as well as better access from F.M. 528 for pedestrian traffic. Only a portion of the cost of earthwork, paving and grading will be funded by the Initial Major Improvement Assessment. The remaining costs will be paid from the City Contribution.

III. Clearing, Grubbing and Demolition

▪ *District Clearing, Grubbing and Demolition*

Includes light and heavy clearing for the construction and installation of the Initial Major Improvements to include heavy clearing for the construction of Detention Pond 1, along with the removal and disposal of 3" public force main and 12" public water line. The improvements are necessary for the construction of the Initial Major Improvements and will provide benefit to each Lot within the District. A portion of the costs of Clearing, Grubbing and Demolition is being funded with the City Contribution and approximately 27.07% of the costs of such improvements (\$873,609) is apportioned to the District as part of the Initial Major Improvements.

IV. Detention Improvements

- *Detention Pond 1*

Improvements Include the excavation and construction of Detention Pond 1, a 4' retaining wall cast in place, an 8' retaining wall cast in place, installation of a backslope interceptor and swale, application of fertilizer seeds for stabilization, dewatering, sheet piling, riprap, collection screen structure and haul and disposal of utility spoils. The Detention Pond 1 Improvements will provide benefit to each Lot within the District.

- *Detention Pond 2*

Improvements include the excavation and construction of Detention Pond 2, installation of a backslope interceptor and swale, and application of hydro mulch for stabilization. The Detention Pond 2 Improvements will provide benefit to each Lot within the District. A portion of the costs of Detention Pond 2 are being funded by the City Contribution and approximately 68.79% of the costs of such improvements (\$11,020,226) is apportioned to the District as part of the Initial Major Improvements.

- *Phase 1 Storm Drainage*

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from F.M. 528 and terminating at the point of the proposed bridge connection at Friendswood Link Road. The improvements will provide a benefit to all Lots within the District.

V. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Initial Major Improvements.

VI. Soft Costs

Costs related to designing, constructing, and installing the Initial Major Improvements including land planning and design, engineering, soil testing, consultant fees, project coordination, and survey. A portion of the soft costs are being funded by City Contribution and approximately 4.84% of the costs of such Initial Major Improvements (\$83,010) is apportioned to the Initial Major Improvements within the District.

B. Additional Major Improvements

I. Roadway Improvements

▪ *Phase 2 Blackhawk Boulevard Improvements*

Improvements include the continuation of the extension of the Phase 1 Blackhawk Boulevard Improvements, consisting of 17,711 square yards of reinforced concrete street and subgrade, from the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard to West Bay Area Boulevard. Additionally, the improvements include the construction of a 4-lane bridge with 2 lanes for east and west bound on Blackhawk Boulevard. The Phase 2 Blackhawk Boulevard Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Townes Road Improvements*

Improvements include the construction of 4,723 square yards of reinforced concrete street and subgrade to serve as a continuation of the Phase 1 Townes Road Improvements from the roundabout at Larrabee Way and terminating at Bennett Boulevard. The Phase 2 Townes Road Improvements will provide benefit to each Lot within the District.

- *Phase 2 Madison Avenue Improvements*

Improvements include the continuation of construction of reinforced concrete street, 3,114 square yards, and subgrade from the 4-way stop at Larrabee Way to the roundabout at Bennett Boulevard. The Phase 2 Madison Avenue Improvements will provide benefit to each Lot within the District.

- *Bennett Boulevard Improvements*

Improvements include the construction of 2 travel lanes, 11,728 square yards, eastward and 2 travel lanes westward of reinforced concrete street and subgrade to include a roundabout that terminates to the south where the right-of-way ends the multi-family development begins. The Bennett Boulevard Improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 2 Earthwork, Paving and Grading*

Improvements to include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the phase 2 storm drainage improvements, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site as well as sidewalk improvements to improve foot traffic from Clear Creek Independent School District property to the Northwest to Blackhawk Blvd. and West Bay Area Boulevard. The street improvements will provide benefit to each Lot within the District. A portion of the Phase 2 Earthwork, Paving and Grading is being funded by the City Contribution and approximately 63.49% of the costs of such improvements (\$412,543) is apportioned to the District as part of the Additional Major Improvements.

III. Water Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances required to provide water service to all Lots within the District.

There will be a water line constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a water line along Townes Rd. and Bennert Blvd. Larrabee Way will have a water line running across connecting the water lines on Townes Rd. and Blackhawk Blvd. The water improvements will provide benefit to each Lot within the District.

IV. Wastewater Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, testing, and all necessary appurtenances constructed to the City of Friendswood standards required to provide wastewater service to all Lots within the District.

Construction will consist of wastewater lines on Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from a wastewater line to a wastewater line tying into the manhole on West Bay Area Blvd. In addition to new proposed wastewater lines, there will be improvements to the existing force main running through the site, as well as relocation of an existing City-owned force main. The wastewater improvements will provide benefit to each Lot within the District.

- *Sanitary Sewer Lift Station*

Includes a proposed Sanitary Lift Station that includes a tie into the manhole on West Bay Area Blvd. An existing 8" sanitary sewer line and sanitary lift station that currently service Clear Creek Community Church will be abandoned, and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center sanitary sewer system near the Blackhawk Blvd. and F.M. 528 connection. The Sanitary Sewer Lift Station will provide a benefit to each Lot within the District.

V. Phase 2 Storm Drainage

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from the proposed bridge connection at Friendswood Link Road running south along Blackhawk Boulevard to West Bay Area Boulevard. The Phase 2 Storm Drainage improvements will provide a benefit to each Lot within the District.

VI. Landscaping, Parks and Public Amenities

Improvements include walking and bike trails that are constructed of decomposed granite pavement with concrete edges. The trail will include rest areas with park benches and lighting at key viewing locations. Additionally, the park will also have a few bird blinds, wayfinding graphics, bath, and parking facilities. The area will be landscaped with native vegetation and wetland grasses. As the walking and bike trails extend into the urban area, it will connect to a concrete and paver path that will include park benches and pedestrian lighting. The trail will provide a continuous and accessible route to all the buildings within the District. Landscape along the trail will be a blend of seasonal color plants and regional vegetation that complies with the City landscaping requirements. The Landscaping, Parks and Public Amenities will provide a benefit to each Lot within the District.

VII. Fire Station

Improvements include the construction of a fire station for use by the City of Friendswood for the benefit of the public that will be constructed along phase 2 of the Blackhawk Blvd. expansion. 87.96% of the Fire Station is being funded by other lawfully available revenues of the City. 12.04% is apportioned to the District, as part of the Additional Major Improvements, pro rata based on estimated assessed value, as detailed on **Exhibit B-2**.

EXHIBIT B-1 – PROJECT COSTS

		Non-District Costs ^(b)		District	
		%	\$	%	\$
<i>Initial Major Improvements</i>					
FM 528 Traffic Improvements	\$1,200,000	0.00%	\$ -	100.00%	\$1,200,000
Phase 1 Blackhawk Boulevard Improvements	240,923	0.00%	-	100.00%	240,923
Phase 1 Townes Road Improvements	271,984	0.00%	-	100.00%	271,984
Phase 1 Madison Avenue Improvements	98,159	0.00%	-	100.00%	98,159
Larrabee Way Improvements	817,556	0.00%	-	100.00%	817,556
Phase 1 Earthwork, Paving and Grading	649,796	36.51%	237,253	63.49%	412,543
Clearing, Grubbing and Demolition	3,226,758	72.93%	2,353,150	27.07%	873,609
Detention Pond 1	14,761,896	5.27%	778,095	94.73%	13,983,801
Detention Pond 2	2,018,477	0.00%	-	100.00%	2,018,477
Phase 1 Storm Drainage	5,144,261	0.00%	-	100.00%	5,144,261
Contingency ^(c)	3,695,875	0.00%	-	100.00%	3,695,875
Soft Costs ^(d)	1,714,512	95.16%	1,631,502	4.84%	83,010
	\$ 33,840,197		\$ 5,000,000		\$ 28,840,198
<i>Additional Major Improvements</i>					
Phase 2 Blackhawk Blvd. Improvements	\$3,703,530	0.00%	\$ -	100.00%	\$3,703,530
Phase 2 Townes Rd. Improvements	323,993	0.00%	-	100.00%	323,993
Phase 2 Madison Ave. Improvements	213,654	0.00%	-	100.00%	213,654
Bennett Blvd. Improvements	804,530	0.00%	-	100.00%	804,530
Phase 2 Earthwork, Paving & Grading	1,417,727	0.00%	-	100.00%	1,417,727
Water	1,007,036	0.00%	-	100.00%	1,007,036
Wastewater	862,879	0.00%	-	100.00%	862,879
Sanitary Sewer Lift Station	1,330,700	0.00%	-	100.00%	1,330,700
Phase 2 Storm Drainage	179,101	0.00%	-	100.00%	179,101
Landscaping, Parks and Amenities	5,597,472	0.00%	-	100.00%	5,597,472

Allocation of Authorized Improvements

90

Fire Station ^[d]	8,300,000	87.56%	7,267,480	12.44%	1,032,520
Contingency ^[f]	2,141,508	0.00%	-	100.00%	2,141,508
Soft Costs ^[g]	2,981,848	0.00%	-	100.00%	2,981,848
	<u>\$ 28,863,978</u>		<u>\$ 7,267,480</u>		<u>\$ 21,596,498</u>
<i>Initial Major Improvement Bond Issuance Costs</i>					
Delinquency and Prepayment Reserve Fund	\$ 937,500	\$ -	\$ 937,500		
Debt Service Reserve Fund	3,201,440	-	3,201,440		
Capitalized Interest	4,717,708	-	4,717,708		
Underwriter Discount	1,125,000	-	1,125,000		
Cost of Issuance	1,875,000	-	1,875,000		
	<u>\$ 11,856,648</u>	<u>\$ -</u>	<u>\$ 11,856,648</u>		
<i>Additional Major Improvement Bond Issuance Costs ^[h]</i>					
Delinquency and Prepayment Reserve Fund	\$ 445,550	\$ -	\$ 445,550		
Debt Service Reserve Fund	1,513,540	-	1,513,540		
Underwriter Discount	535,162	-	535,162		
Cost of Issuance	891,100	-	891,100		
	<u>\$ 3,385,352</u>	<u>\$ -</u>	<u>\$ 3,385,352</u>		
<i>District Formation Expenses</i>					
District Formation Expenses	\$ 100,000	\$ -	\$ 100,000		
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>		
<i>Other Costs</i>					
Deposit to Administrative Fund	\$ 80,000	\$ -	\$ 80,000		
	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>		
Total	\$ 78,126,175	\$ 12,267,480	\$ 65,858,695		

Footnotes:[a] Costs were determined by the Engineer's Report attached hereto as **Appendix A**.

[b] Funding for the Non-District Costs are being provided by other lawfully available revenue of the City and will not be reimbursed by the PID Bonds, Initial Major Improvement Assessments or Additional Major Improvement Assessments.

[c] Calculated at 13% of hard construction costs for the Initial Major Improvements as approved by the City.

[d] Includes professional services fees related to drainage and flood mitigation, Land Planning, Design, Engineering, Geotechnical Engineering, and Surveying for the Initial Major Improvements.

[e] Apportionment of Costs for the Fire Station is based on the estimated Assessed Valuation for the District as a percentage of the City's 2023 Assessed Valuation.

[f] Calculated at 13% of hard construction costs for the Additional Major Improvements as approved by the City.

[g] Includes professional services fees related to Engineering, Geotechnical Engineering, Surveying, Land Planning and Design of the Additional Major Improvements.

[h] Preliminary estimates. Actual costs will be determined at the time of bond issuance for the Additional Major Improvements.

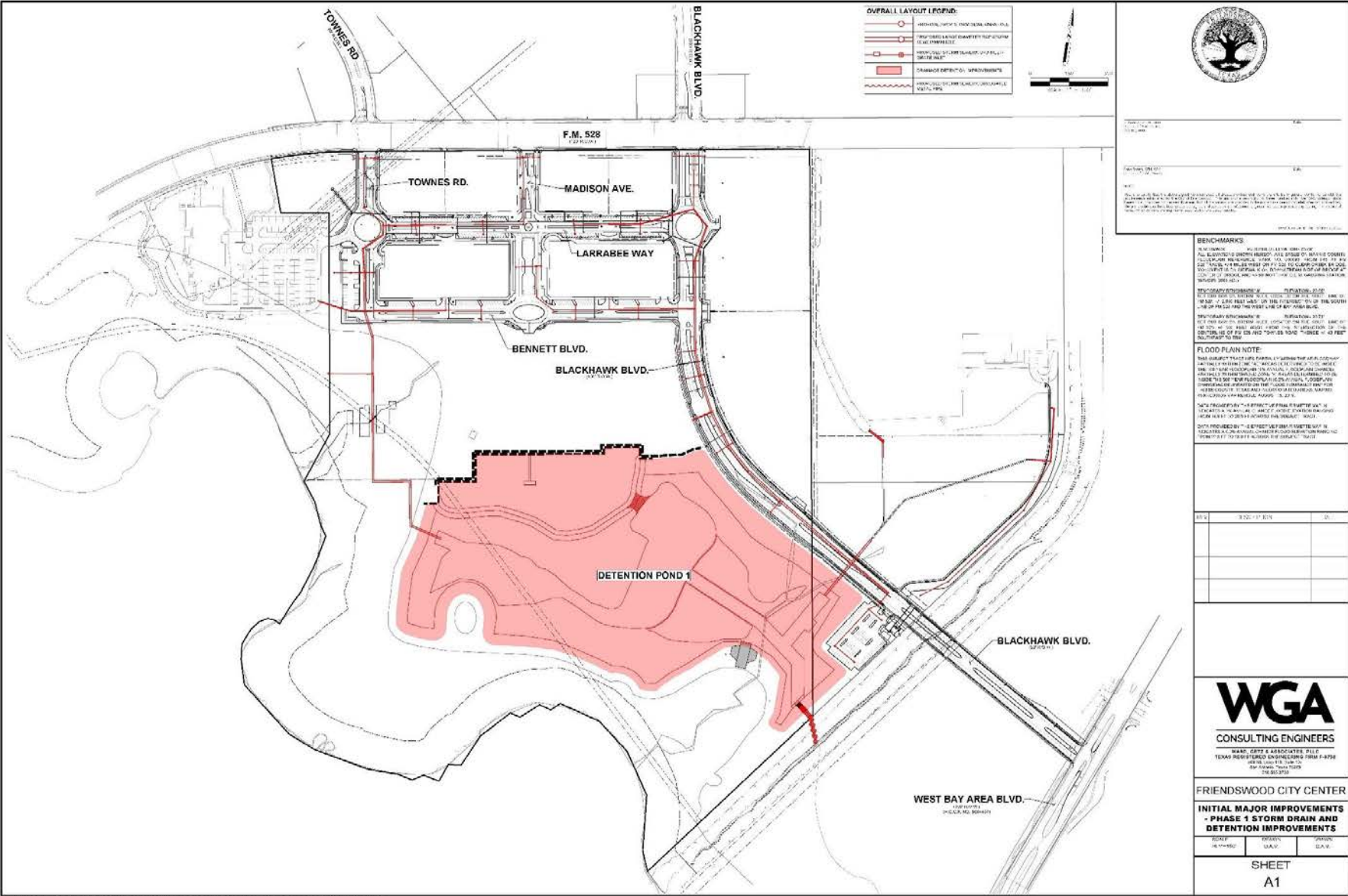
EXHIBIT B-2 – FIRE STATION – APPORTIONMENT OF COSTS

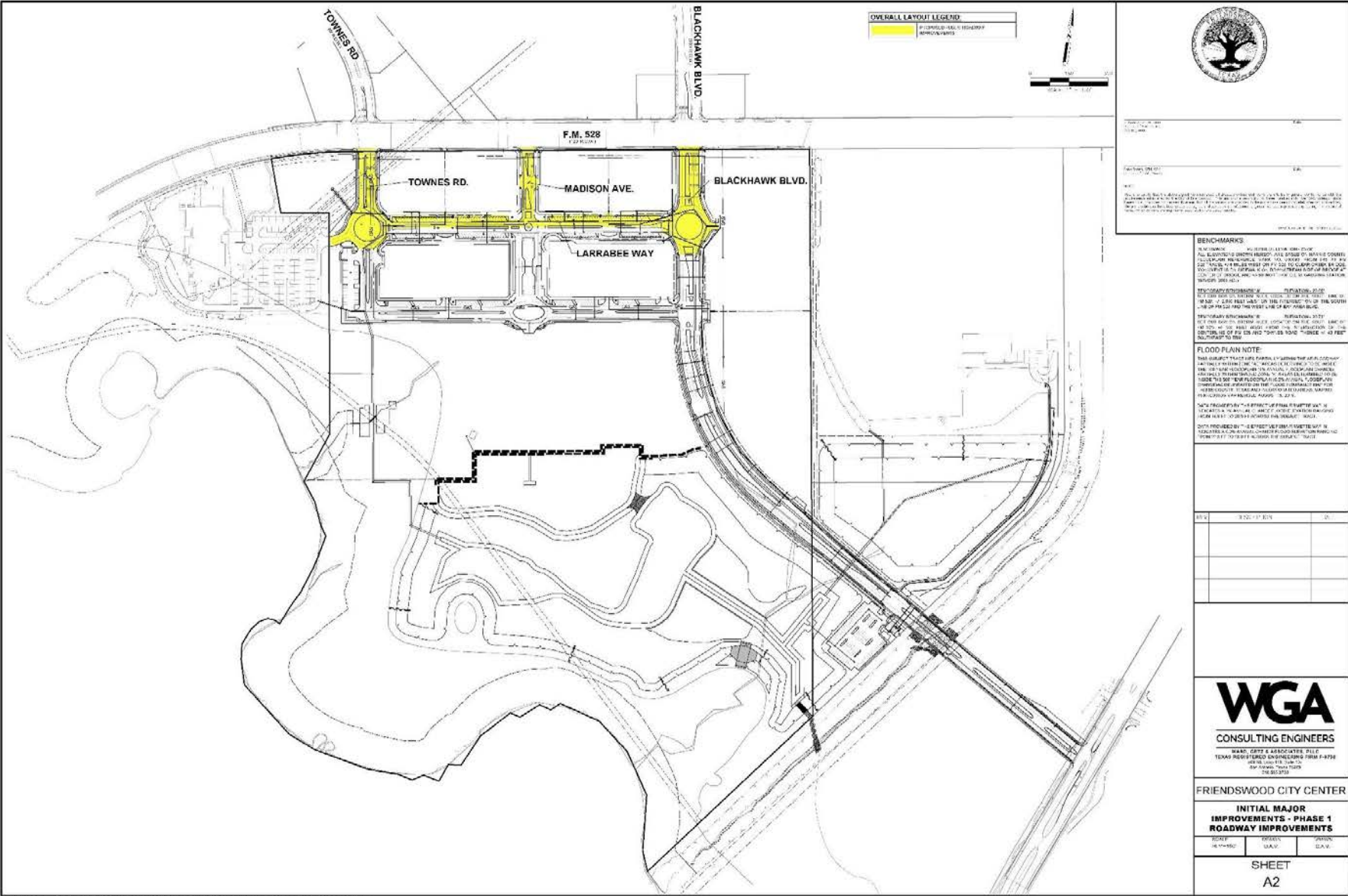
Entity	Estimated Assessed Valuation ¹	Fire Station Improvements ²		Total Apportionment to District ¹
		%	Costs	
City	5,401,437,619	87.56%	\$ 7,267,480	
District	767,145,099	12.44%	\$ 1,032,520	\$ 1,032,520
Total	\$ 6,168,582,718	100.00%	\$ 8,300,000	

Footnotes:

- 1) The District estimated Taxable Valuation is estimated by the Developer and the City's 2024 estimated Taxable Valuation is per the City on September 17, 2024.
- 2) The Fire Station Improvements are apportioned based on the estimated Taxable Valuation for the District as a percentage of the of City's 2024 estimated Taxable Valuation.
- 3)





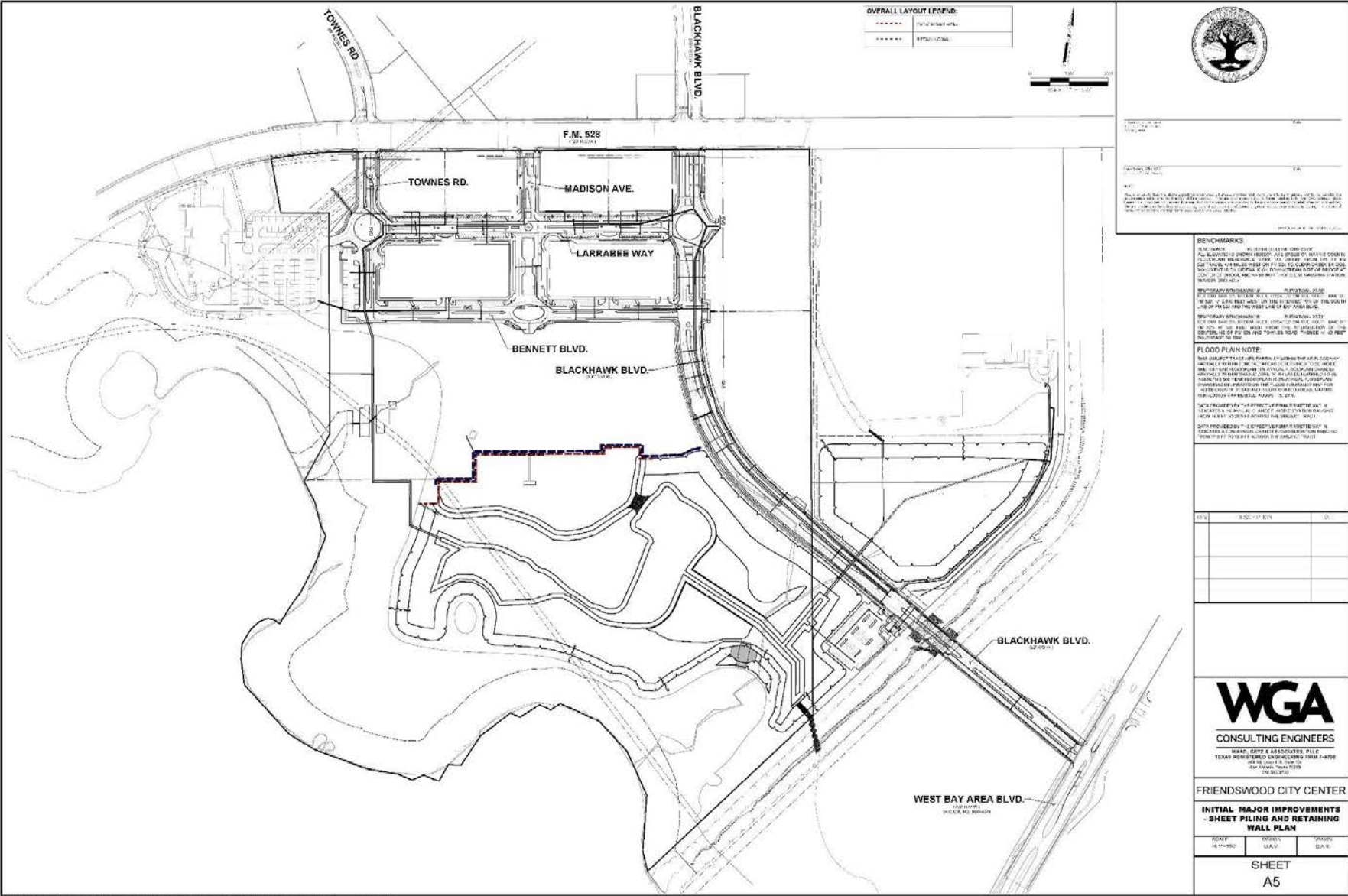


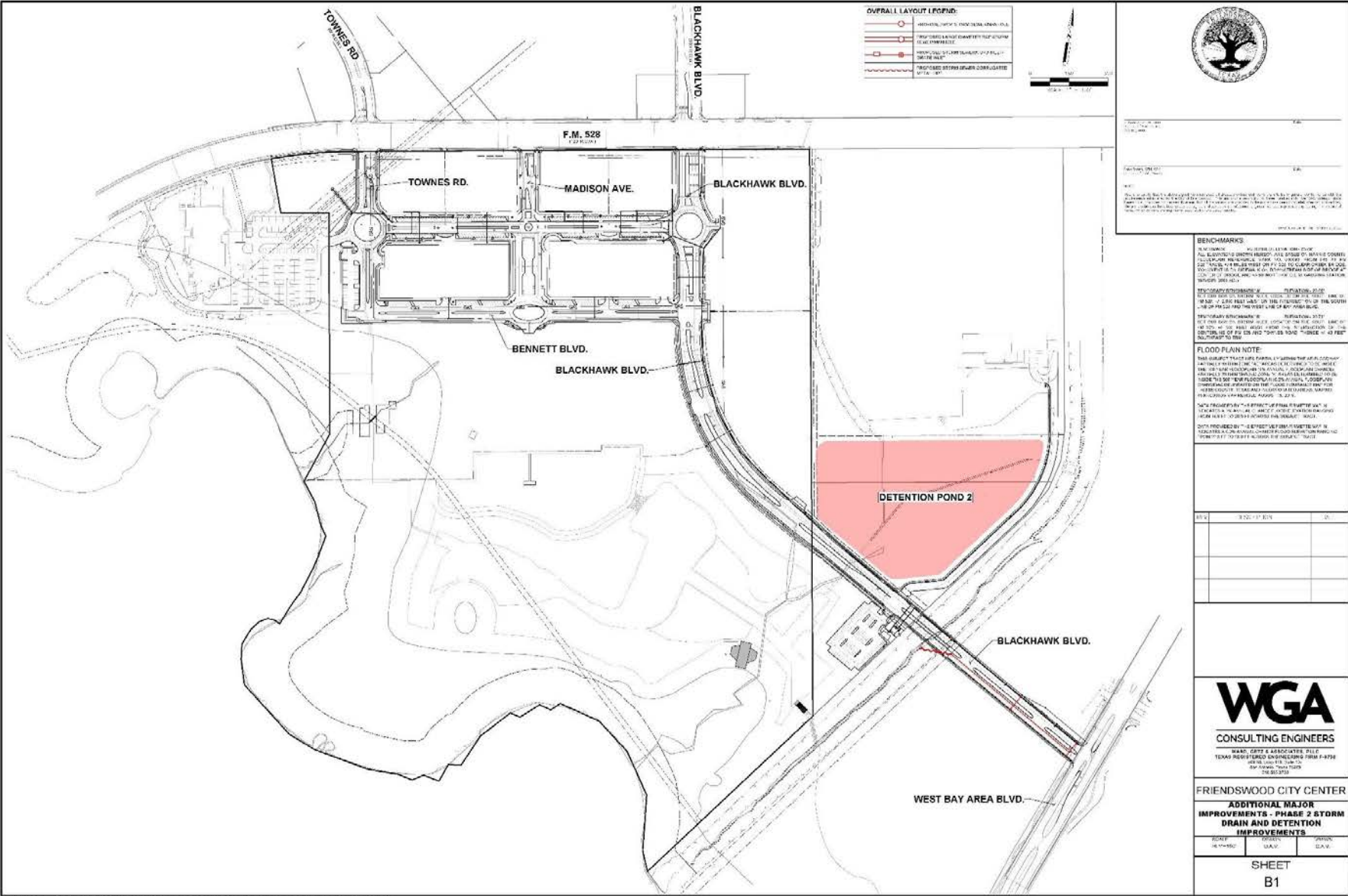
Friendswood City Center Public Improvement District

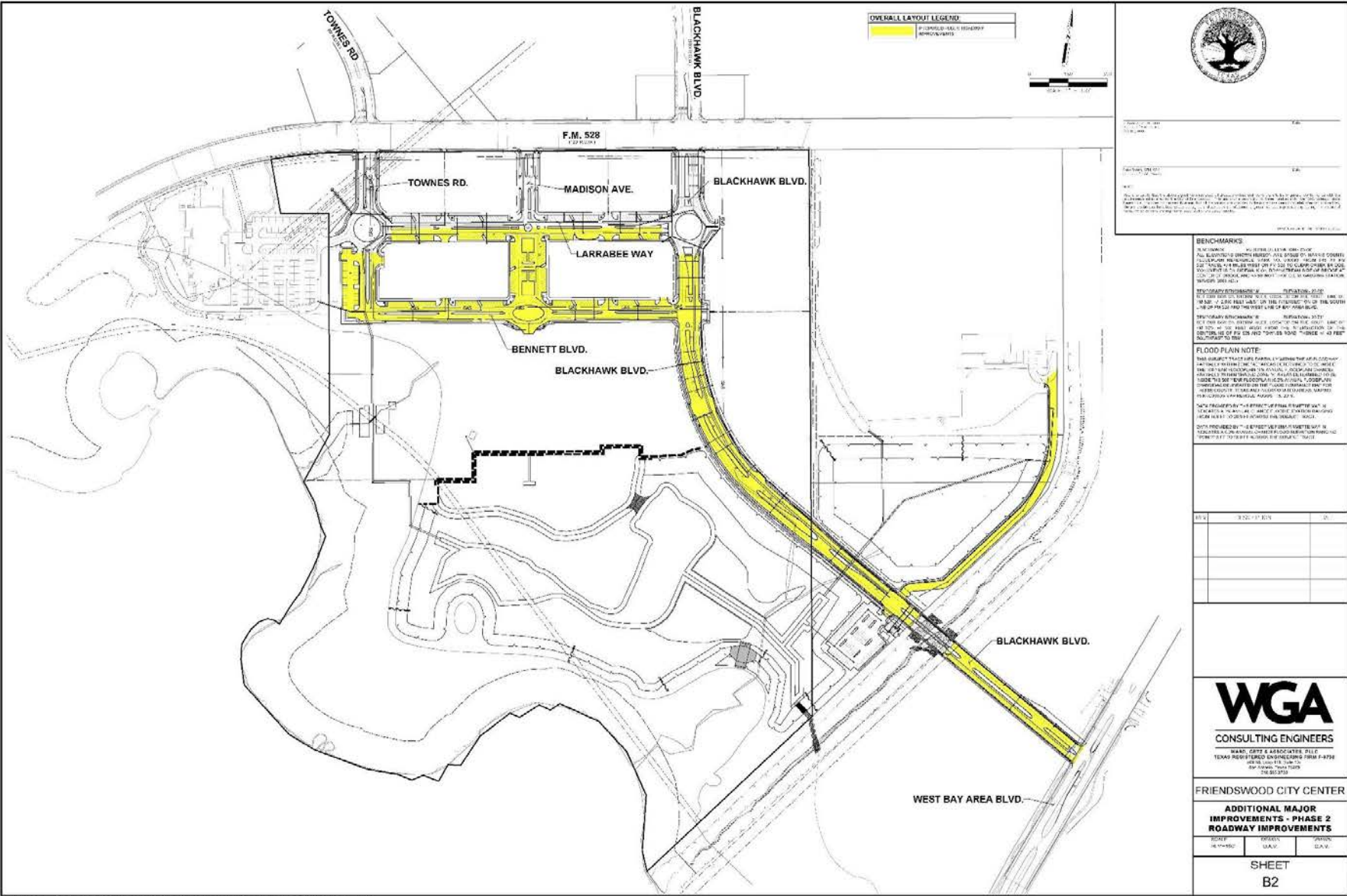




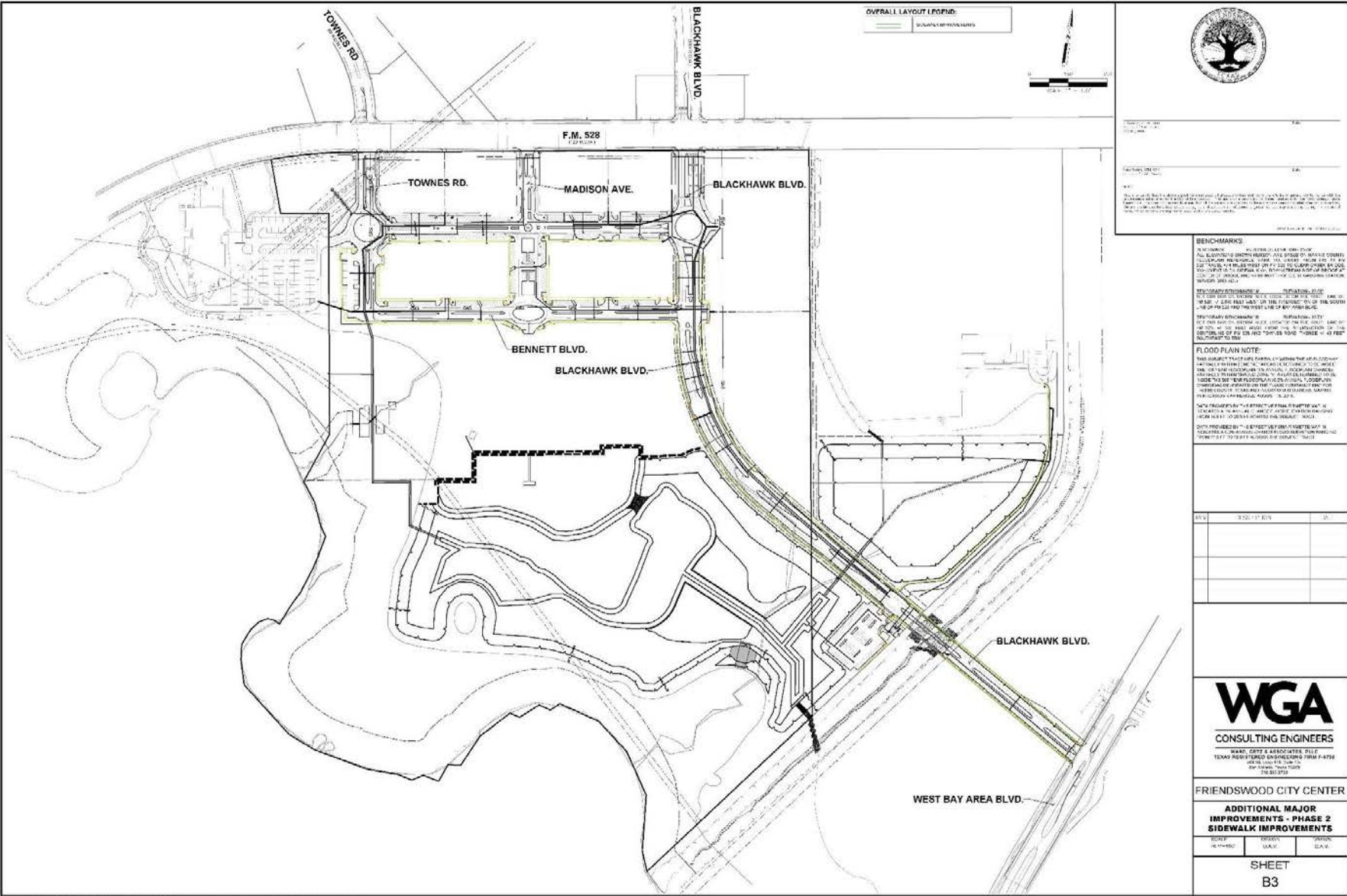




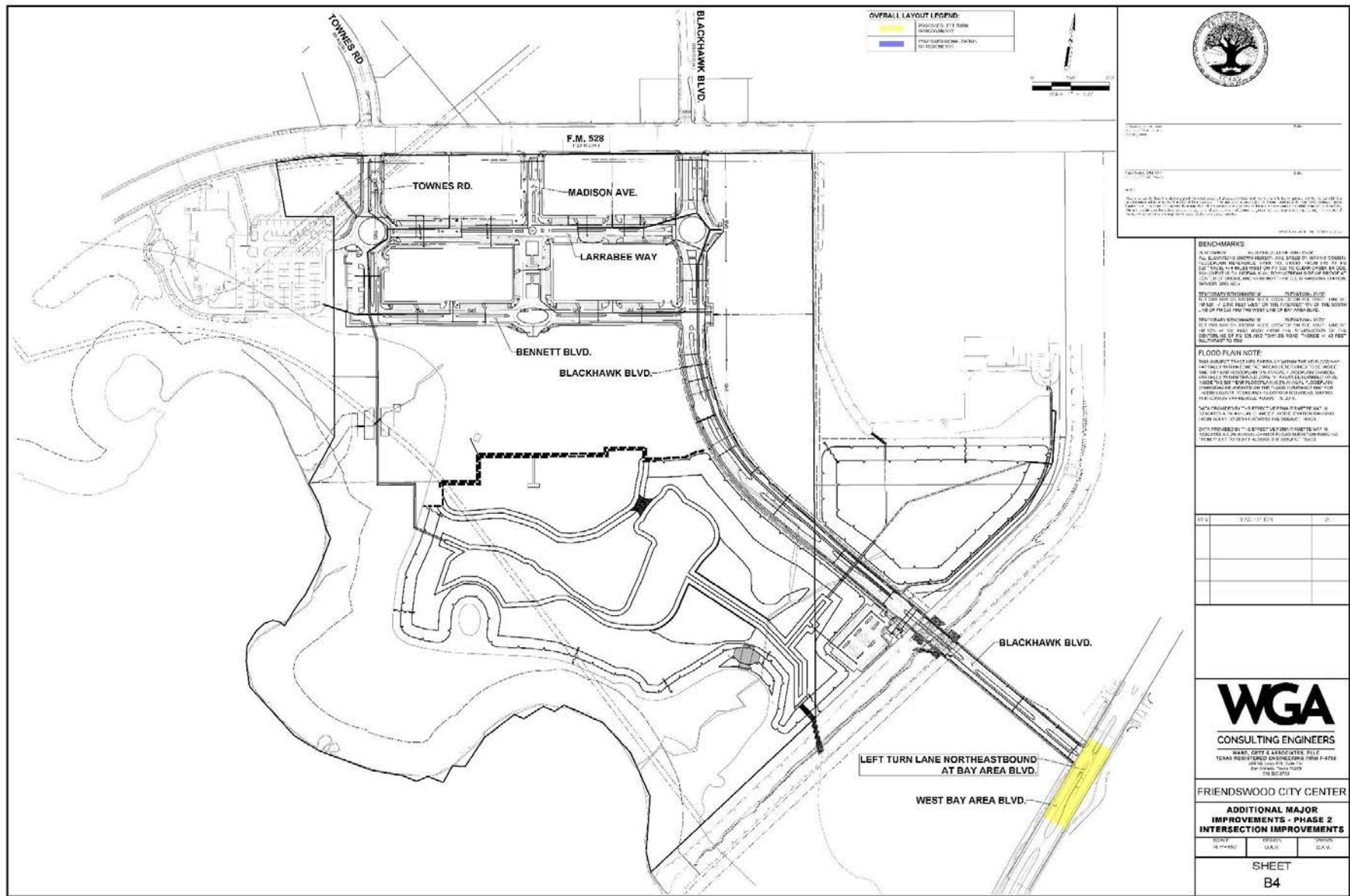


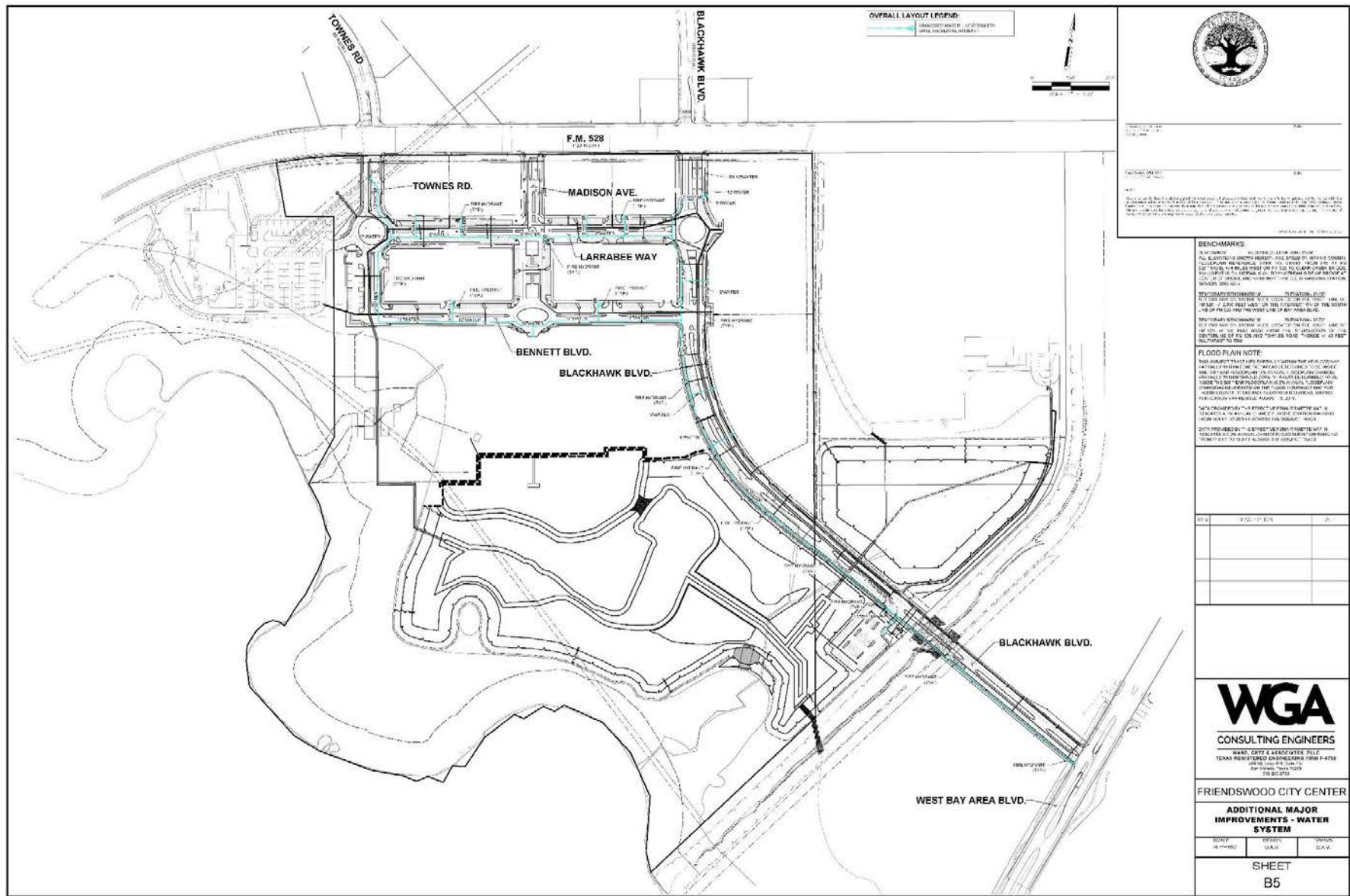


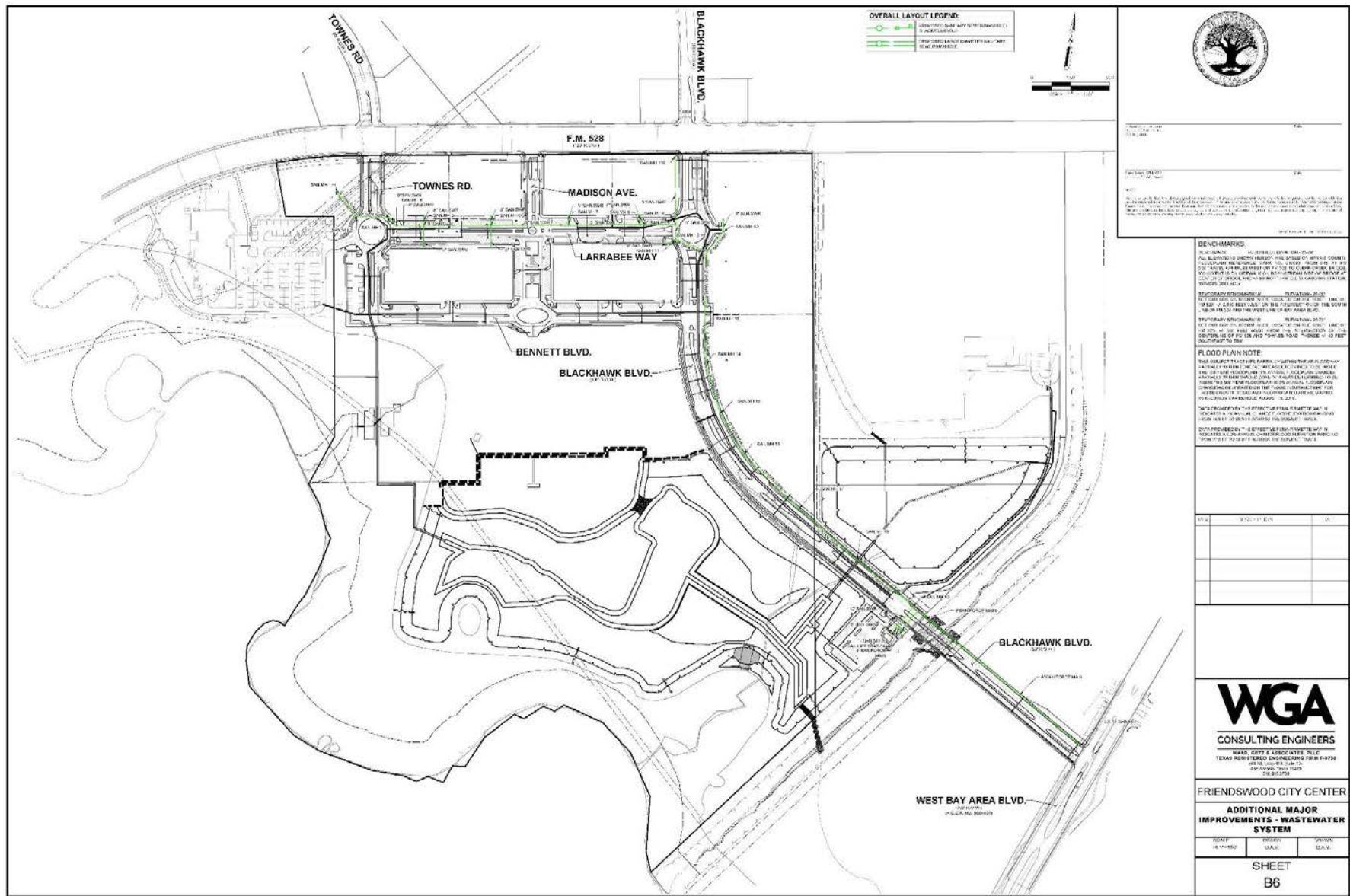
Friendswood City Center Public Improvement District



Friendswood City Center Public Improvement District













Improvements Description and Analysis

Overview

The subject's Lots 1-5 are proposed to be developed with 76,408 square feet of retail shopping center improvements. Each lot will be developed with a single-story, multitenant retail building with an expected completion date of May 31, 2025. Lots 1-4 will feature traditional retail storefronts with an expected tenant mix including limited and full-service restaurants and in-line general retail among others. Lot 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Lot 5 is assumed to be similar retail uses as Lots 1-4. Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date.

Improvements Description						
Name of Property	Friendswood PID - Retail Lots 1-5	Proposed Retail Lot 1	Proposed Retail Lot 2	Proposed Retail Lot 3	Proposed Retail Lot 4	Proposed Retail Lot 5
General Property Type	Retail	Retail	Retail	Retail	Retail	Retail
Property Sub Type	Shopping Center	Shopping Center	Shopping Center	Shopping Center	Shopping Center	Shopping Center
Competitive Property Class	A	A	A	A	A	A
Occupancy Type	Multi-Tenant	Multi-Tenant	Multi-Tenant	Multi-Tenant	Multi-Tenant	Multi-Tenant
Percent Leased	0%	0%	0%	0%	0%	0%
Number of Buildings	5	1	1	1	1	1
Stories	1	1	1	1	1	1
Construction Class	C	C	C	C	C	C
Construction Type	Masonry	Masonry	Masonry	Masonry	Masonry	Masonry
Construction Quality	Good	Good	Good	Good	Good	Good
Condition	New	New	New	New	New	New
Gross Building Area (SF)	76,408	15,374	14,880	16,608	14,862	14,684
Gross Leasable Area (SF)	76,408	15,374	14,880	16,608	14,862	14,684
Land Area (SF)	341,423	72,266	64,207	72,048	69,565	63,336
Floor Area Ratio (GLA/Land SF)	0.22	0.21	0.23	0.23	0.21	0.23
Floor Area Ratio (GBA/Land SF)	0.22	0.21	0.23	0.23	0.21	0.23
Building Area Source	Site Plan	Site Plan	Site Plan	Site Plan	Site Plan	Site Plan
Year Built	2025	2025	2025	2025	2025	2025
Actual Age (Yrs.)	0	0	0	0	0	0
Estimated Effective Age (Yrs.)	0	0	0	0	0	0
Estimated Economic Life (Yrs.)	50	50	50	50	50	50
Remaining Economic Life (Yrs.)	50	50	50	50	50	50
Number of Parking Spaces	321	27	84	85	82	43
Source of Parking Count	Site Plan	Site Plan	Site Plan	Site Plan	Site Plan	Site Plan
Parking Type	Surface	Surface	Surface	Surface	Surface	Surface
Parking Spaces/1,000 SF GLA	4.20	1.76	5.65	5.12	5.52	2.93

It is noted that the building sizes used for valuation differ slightly from the concept plan found herein. However, the size differential is minimal and is not considered to materially affect our value opinions.

Construction Details

Foundation	Concrete slab
Structural Frame	Steel framed
Exterior Walls	Stone, brick, and concrete precast panels
Windows	Retail storefronts in metal frame
Roof	Built-up TPO or similar
Interior Finishes	Varies per tenant specifications
HVAC	Roof Central Mounted
Electrical	Assumed to be designed in accordance with local building codes
Plumbing	Assumed to be designed in accordance with local building codes
Restrooms	Assumed to be designed in accordance with local building codes
Sprinklers	Assumed to be fully sprinklered per code
Site Improvements	
Landscaping	Trees, shrubs, and grasses
Paving	Concrete and asphalt drives, curbs, and sidewalks

Occupancy Status

Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date. The following table provides a summary of individual lots and proposed building sizes for Buildings 1-5.

Locations and Occupancy

Location	Gross Building Area	Gross Leasable Area	Leased SF	% Leased
Retail Lot 1	15,374	15,374	0	0.0%
Retail Lot 2	14,880	14,880	0	0.0%
Retail Lot 3	16,608	16,608	0	0.0%
Retail Lot 4	14,862	14,862	0	0.0%
Retail Lot 5	14,684	14,684	0	0.0%
TOTAL	76,408	76,408	0	0.0%

Improvements Analysis – As Complete

The subject property is proposed to be developed with five (5) multitenant retail shopping center buildings totaling 76,408 rentable square feet. Each of the buildings will feature traditional retail storefronts facing FM 528 with above-average exposure at the entrance of the overall development. Retail Buildings 1-4 will have an expected tenant mix of limited and full-service restaurants, in-line general retail, and medical office users, among others. Retail Building 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Retail Building 5 is assumed to be similar retail uses as Retail Buildings 1-4.

Quality and Condition

The proposed improvements are expected to be of good quality construction and workmanship. The quality of the proposed improvements and market appeal are considered to be consistent with competing properties.

Functional Utility

The improvements appear to be adequately suited to their proposed use and it is assumed that the improvements are built with no functional obsolescence.

Deferred Maintenance

The subject represents proposed construction. Thus, no deferred maintenance exists.

ADA Compliance

Based on the information provided, there are no apparent ADA issues. However, ADA matters are beyond the scope of expertise of the assignment participants, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review, and environmental issues are beyond the scope of expertise of the assignment participants. No hazardous substances were observed during the inspection of the improvements; however, detection of such substances is outside the scope of expertise of the assignment participants. Qualified professionals should be consulted. Unless otherwise stated, it is assumed no hazardous conditions exist on or near the subject.

Personal Property

The appraisal assignment is specifically focused on the value of the real property only. Items of personal property are excluded from consideration.

Conclusion of Improvements Analysis

In comparison to competitive properties in the market, the subject improvements are rated as follows:

Improvements Ratings	
Visibility/Exposure	Above Average
Design and Appearance	Above Average
Age/Condition	Above Average
Adaptability of Space to other Retail Users	Average
% Sprinklered	Average
Interior Amenities	Average
Layout - Store to Store Proximity	Average
Parking Ratios	Average
Anchor Tenants	Average
Distance of Parking to Store Access	Average
Landscaping	Average

Rendering/Site Plan – Lot 1



Rendering/Site Plan – Lot 2



Rendering/Site Plan – Lot 3



Rendering/Site Plan – Lot 4



Rendering/Site Plan – Lot 5



Real Estate Taxes

Real estate tax assessments are administered by the Harris Central Appraisal District and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The tax rates are certified in October. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2024 Preliminary						
Tax ID	Assessed Value			Taxes and Assessments		
	Land	Improvements	Total	2023 Tax Rate	Ad Valorem Taxes	Total
0432150000130	\$629,669	\$62,683	\$692,352	2.010418%	\$13,919	\$0
1413970000001	\$437,341	\$0	\$437,341	2.010418%	\$8,792	\$0
1413970000003	\$651,178	\$0	\$651,178	2.010418%	\$13,091	\$0
	\$1,718,188	\$62,683	\$1,780,871		\$35,803	\$0

The subject is currently assessed as part of three tax accounts that total of 106.518 acres. However, the current assessed value as vacant land is irrelevant.

Texas is a non-disclosure State with a mandate to assess property at 100% of market value. Some Texas County Assessors are more successful at achieving the mandate than others. In Texas Counties with little or no transaction activity, values can lag the market. However, there is no limit on increases in the event of a re-assessment.

Property owners in Texas may protest ad valorem assessments using the one of two tests, 1) Market Value or 2) "Equal Appraisal". Market Value is self-explanatory. "Equal Appraisal" means there is a burden on the District's Assessor to ensure mass appraisal methods produce consistent results from property to property. To measure equality, the Appraisal Review Board will consider the assessed values of competing properties in the District. The process involves generation of "ratio study" in which, after appropriate adjustments, the "median value" is the conclusion of "Equal Appraisal".

Projected Tax Liability (Retail Buildings 1-5)

In order to estimate a likely assessed value upon completion of the proposed retail improvements (Lots 1-5), several competitive properties are analyzed and summarized as follows:

Tax Comparables								
No.	Property Name	Year Built	SF	Real Estate	Total Assessed Value	Assessed Value/SF	Total Taxes	Taxes/SF
1	1603 W. Parkwood Avenue	2019	10,080	\$2,450,100	\$2,450,100	\$243.07	\$50,013	\$4.96
2	501 S. Friendswood Drive	2022	14,000	\$3,483,000	\$3,483,000	\$248.79	\$42,040	\$3.00
3	1720 S. Friendswood Drive	2021	9,234	\$3,418,200	\$3,418,200	\$370.18	\$69,774	\$7.56
4	1740 E. Nasa Parkway	2012	25,830	\$7,438,928	\$7,438,928	\$288.00	\$164,178	\$6.36
5	19677 W. Bay Area Blvd	2023	28,025	\$7,578,771	\$7,578,771	\$270.43	\$139,724	\$4.99
6	3525 S. Main Street	2021	27,648	\$6,194,170	\$6,194,170	\$224.04	\$152,465	\$5.51
Subject	Retail Lot 1	2025	15,374	\$4,227,850	\$4,227,850	\$275.00	\$84,997	\$5.53
	Retail Lot 2	2025	14,880	\$4,092,000	\$4,092,000	\$275.00	\$82,266	\$5.53
	Retail Lot 3	2025	16,608	\$4,567,200	\$4,567,200	\$275.00	\$91,820	\$5.53
	Retail Lot 4	2025	14,862	\$4,087,050	\$4,087,050	\$275.00	\$82,167	\$5.53
	Retail Lot 5	2025	14,684	\$4,038,100	\$4,038,100	\$275.00	\$81,183	\$5.53

Tax assessments for comparable properties range from \$224.04 to \$370.18 per square foot. To derive an appropriate estimate of the ad valorem tax expense for the subject, as if complete and at stabilized occupancy, we analyze several competitive retail shopping center properties. Given that real estate taxes are based on "fair and equitable", it is not likely that the proposed improvements would be assessed significantly higher than the tax comparables. Based on the preceding, we estimate an assessed value of \$275.00 per square foot for each retail improvement. We have utilized current tax rates to estimate real estate taxes as shown in the previous table.

Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the 12 lots do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The 12 lots are zoned PUD (Planned Unit Development), Mixed-use. Permitted uses include office, retail and multi-family. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only mixed-use is given further consideration in determining highest and best use of the site.

Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for mixed-use in the subject's area. It appears a newly developed mixed-use on the 12 lots would have a value commensurate with its cost. Therefore, mixed-use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the 12 lots that would generate a higher residual land value than mixed-use. Accordingly, mixed-use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for mixed-use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property.

Most Probable Buyer

Taking into account the characteristics of the site, as well as area development trends, the probable buyer is a developer.

As Improved as Proposed

The subject's Lots 1-5 are proposed to be developed with five (5) individual multitenant shopping center properties, which is consistent with the highest and best use of the site as though vacant. The proposed improvements are 0% preleased as of the effective appraisal date. However, there is considerable interest from area and regional retailers.

The subject's Lots 1-5 range in size from 1.45 to 1.66 acres. There is no excess or surplus land available for expansion. The property's building to land ratio of 0.21 – 0.23 falls within the typical range observed among competing properties.

The proposed use of the subject property for multitenant retail shopping center appears to meet the four criteria for highest and best use. Based on the analysis above, continuation of the proposed use is concluded to be financially feasible.

There does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the proposed use. For these reasons, continued retail use is concluded to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

Taking into account the size and characteristics of the property and its proposed multitenant occupancy, the likely buyer is a regional investor such as a partnership.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Not Applicable	Not Utilized

Land Valuation

To develop an opinion of the subject's lot values, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

As discussed previously, the property is divided for valuation purposes relative to 12 lots. The Sales Comparison Approach will be utilized to determine lot values for the individual lots which are summarized as follows:

Land Parcels				
Name	SF	Usable SF	Acres	Unit of Comparison
Lot 1	72,266	72,266	1.659	Usable SF
Lot 2	64,207	64,207	1.474	Usable SF
Lot 3	72,048	72,048	1.654	Usable SF
Lot 4	69,565	69,565	1.597	Usable SF
Lot 5	63,336	63,336	1.454	Usable SF
Lot 6	119,790	119,790	2.750	Usable SF
Lot 7	118,309	118,309	2.716	Usable SF
Lot 8	115,870	115,870	2.660	Usable SF
Lot 9	133,816	133,816	3.072	Usable SF
Lot 10	160,606	160,606	3.687	Usable SF
Lot 11	78,669	78,669	1.806	Usable SF
Lot 12	762,953	762,953	17.515	Usable SF

Lot 1 (1.659 Acres; 72,266 SF)

To apply the sales comparison approach to Lot 1, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

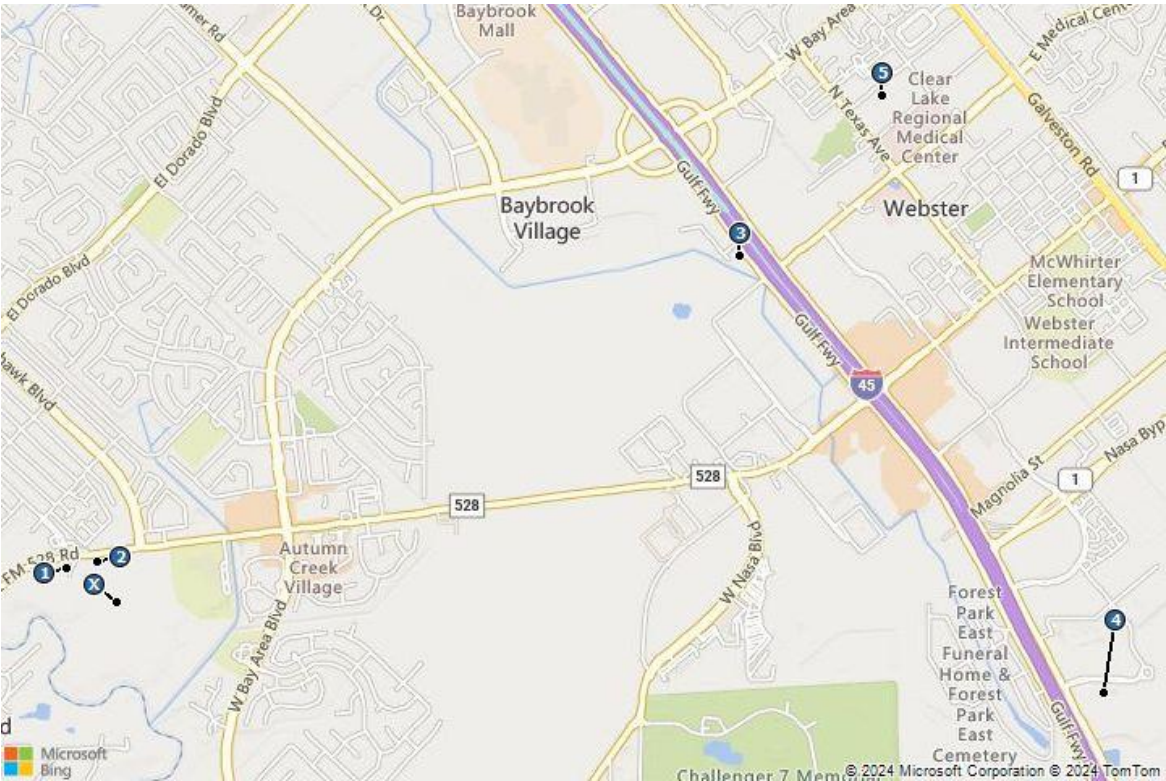
For this analysis, price per usable square foot is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:



Summary of Comparable Land Sales - Lot 1

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
2	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
Subject Friendswood Public Improvement District Friendswood, TX				72,266 1.66	72,266 1.66	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 1





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.



Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts, and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to March 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2 and 4 are similar to the subject and require no adjustment. Sale 3 is superior to the subject. A downward adjustment is applied. Sale 5 is inferior to the subject. An upward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 1

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southeast corner of FM 528 and Townes Road	Southwest corner of FM 528 and Madison Avenue	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Mar-24	Mar-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,155,734	\$1,440,965	\$2,690,732	\$2,613,600	\$784,080
Acres	1.659	1.474	1.654	3.234	2.961	1.000
Usable Acres	1.659	1.474	1.654	2.696	2.961	1.000
Price per Usable Square Foot		\$18.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	7/5/2024	Mar-24	Mar-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$18.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		—	—	-10%	—	10%
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	-\$2.29	\$0.00	\$1.80
Net Property Adjustments (%)		0%	0%	-10%	0%	10%
Final Adjusted Price		\$18.00	\$20.00	\$20.62	\$20.26	\$19.80
Range of Adjusted Prices						
		\$18.00 - \$20.62				
Average		\$19.74				
Indicated Value		\$20.00				

Land Value Conclusion – Lot 1

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$20.62 per usable square foot, with an average of \$19.74 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion for the subject is presented as follows:

Land Value Conclusion

Lot 1

Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	72,266
Indicated Value	\$1,445,321
Rounded	\$1,450,000

Lot 2 (1.474 Acres; 64,207 SF)

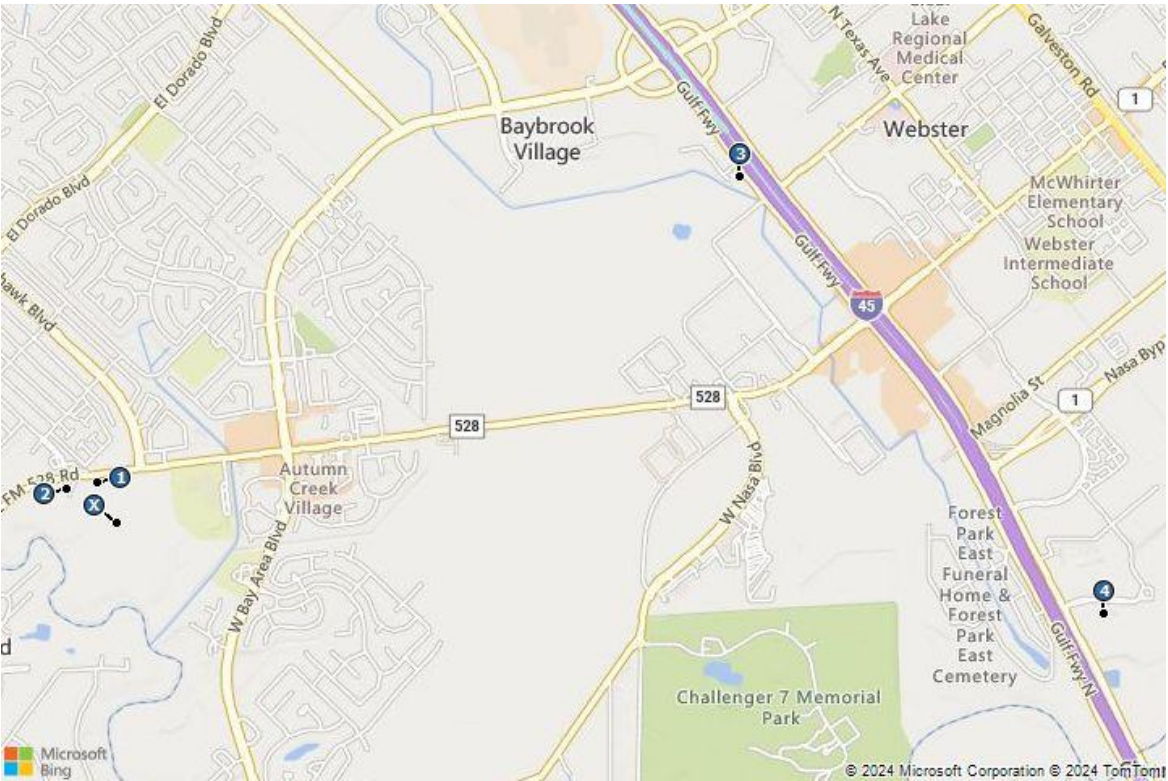
To apply the sales comparison approach to Lot 2, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - Lot 2								
No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
Subject				64,207	64,207	PUD (Planned		
Friendswood Public Improvement District				1.47	1.47	Unit		
Friendswood, TX						Development)		

Comparable Land Sales Map – Lot 2





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from March 2023 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2 and 4 are similar to the subject and require no adjustment. Sale 3 is superior to the subject. A downward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 2

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr
City	Friendswood	Friendswood	Friendswood	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600
Acres	1.474	1.654	1.659	3.234	2.961
Usable Acres	1.474	1.654	1.659	2.696	2.961
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26
Transactional Adjustments					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—
Conditions of Sale		—	—	—	Arm's-length
% Adjustment		—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—
\$ Adjustment		—	—	—	—
Market Conditions	7/5/2024	Mar-24	Jul-24	Feb-24	Mar-23
Annual % Adjustment	0%	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26
Property Adjustments					
Location		—	—	—	—
Access/Exposure		—	—	-10%	—
Size		—	—	—	—
Shape and Topography		—	—	—	—
Zoning		—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	-\$2.29	\$0.00
Net Property Adjustments (%)		0%	0%	-10%	0%
Final Adjusted Price		\$20.00	\$20.00	\$20.62	\$20.26
Range of Adjusted Prices		\$20.00 - \$20.62			
Average		\$20.22			
Indicated Value		\$20.00			

Land Value Conclusion – Lot 2

Prior to adjustments, the sales reflect a range of \$20.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$20.00 - \$20.62 per usable square foot, with an average of \$20.22 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	64,207
Indicated Value	\$1,284,149
Rounded	\$1,280,000

Lot 3 (1.654 Acres; 72,048 SF)

To apply the sales comparison approach to Lot 3, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

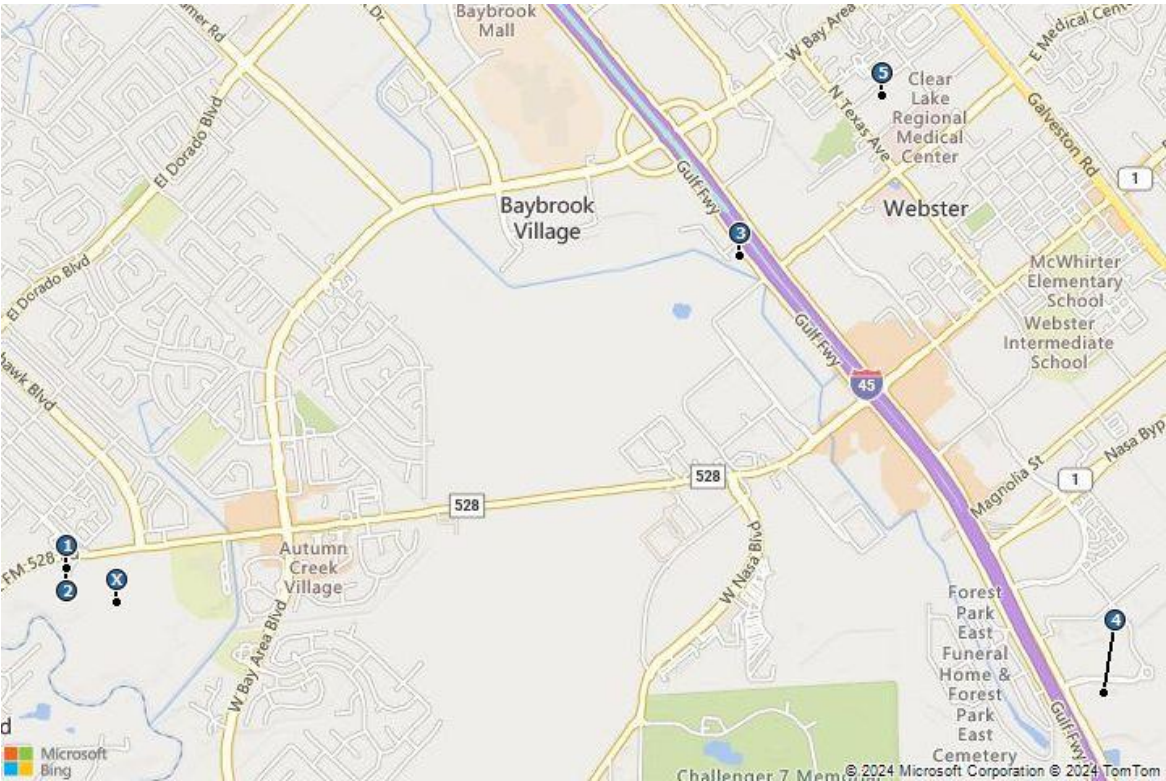
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 3

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.</i>	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
	Subject Friendswood Public Improvement District Friendswood, TX			72,048 1.65	72,048 1.65	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 3





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.



Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2 and 4 are similar to the subject and require no adjustment. Sale 3 is superior to the subject. A downward adjustment is applied. Sale 5 is inferior to the subject. An upward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 3

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Townes Road	Southeast corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Jul-24	Mar-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,445,320	\$1,155,734	\$2,690,732	\$2,613,600	\$784,080
Acres	1.654	1.659	1.474	3.234	2.961	1.000
Usable Acres	1.654	1.659	1.474	2.696	2.961	1.000
Price per Usable Square Foot		\$20.00	\$18.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	7/5/2024	Jul-24	Mar-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$18.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		—	—	-10%	—	10%
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	-\$2.29	\$0.00	\$1.80
Net Property Adjustments (%)		0%	0%	-10%	0%	10%
Final Adjusted Price		\$20.00	\$18.00	\$20.62	\$20.26	\$19.80
Range of Adjusted Prices						
		\$18.00 - \$20.62				
Average		\$19.74				
Indicated Value		\$20.00				

Land Value Conclusion – Lot 3

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$20.62 per usable square foot, with an average of \$19.74 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based on the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	72,048
Indicated Value	\$1,440,965
Rounded	\$1,440,000



Lot 4 (1.597 Acres; 69,565 SF)

To apply the sales comparison approach to Lot 4, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

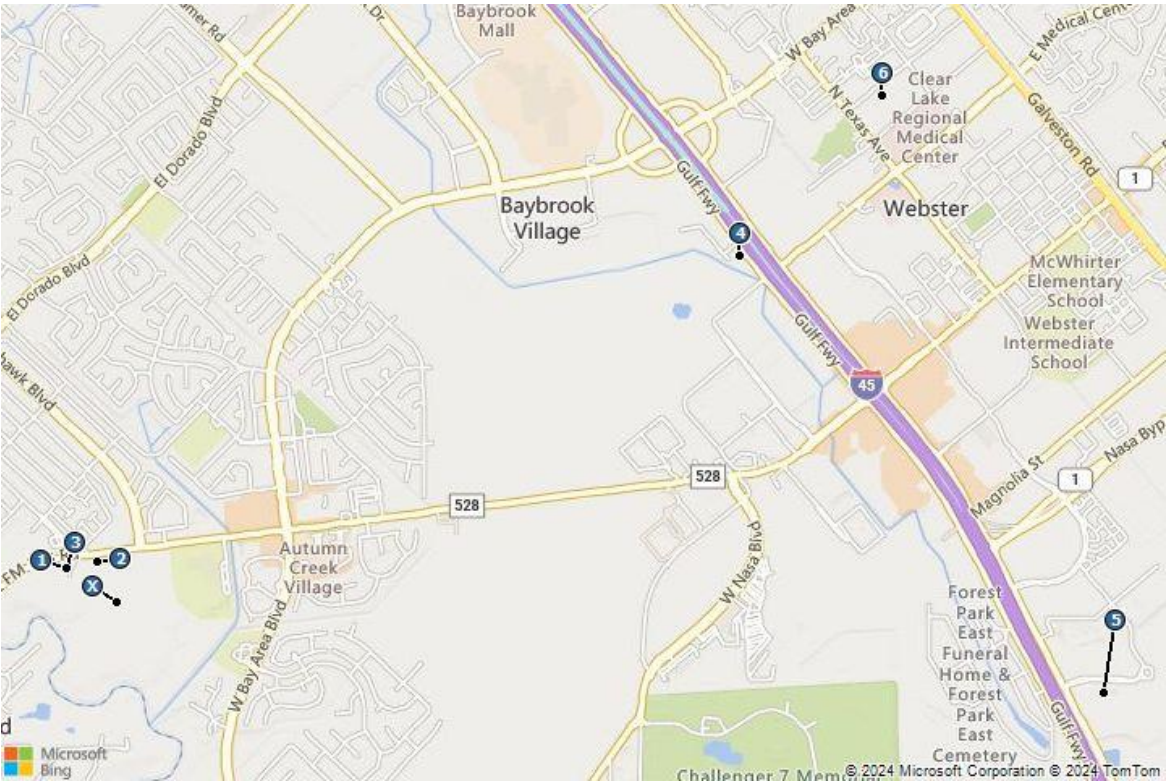
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 4

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.</i>	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
2	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
4	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
5	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
6	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
Subject Friendswood Public Improvement District Friendswood, TX				69,565 1.60	69,565 1.60	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 4





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - FM 528



Sale 4
Land - Gulf Fwy



Sale 5
Land - Flyway Drive



Sale 6
Land - Orchard St.

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from March 2023 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2, 3 and 5 are similar to the subject and require no adjustment. Sale 4 is superior to the subject. A downward adjustment is applied. Sale 6 is inferior to the subject. An upward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 4

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Address	South side of FM-528, west of W. Bay Area Boulevard	Southeast corner of FM 528 and Townes Road	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,155,734	\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080
Acres	1.597	1.474	1.654	1.659	3.234	2.961	1.000
Usable Acres	1.597	1.474	1.654	1.659	2.696	2.961	1.000
Price per Usable Square Foot		\$18.00	\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments							
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—
Conditions of Sale		—	—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—
Market Conditions	7/5/2024	Mar-24	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—	—
Cumulative Adjusted Price		\$18.00	\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments							
Location		—	—	—	—	—	—
Access/Exposure		—	—	—	-10%	—	10%
Size		—	—	—	—	—	—
Shape and Topography		—	—	—	—	—	—
Zoning		—	—	—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	\$0.00	-\$2.29	\$0.00	\$1.80
Net Property Adjustments (%)		0%	0%	0%	-10%	0%	10%
Final Adjusted Price		\$18.00	\$20.00	\$20.00	\$20.62	\$20.26	\$19.80
Range of Adjusted Prices							
		\$18.00 - \$20.62					
Average		\$19.78					
Indicated Value		\$20.00					

Land Value Conclusion – Lot 4

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$20.62 per usable square foot, with an average of \$19.78 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	69,565
Indicated Value	\$1,391,306
Rounded	\$1,390,000

Lot 5 (1.454 Acres; 63,336 SF)

To apply the sales comparison approach to Lot 5, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

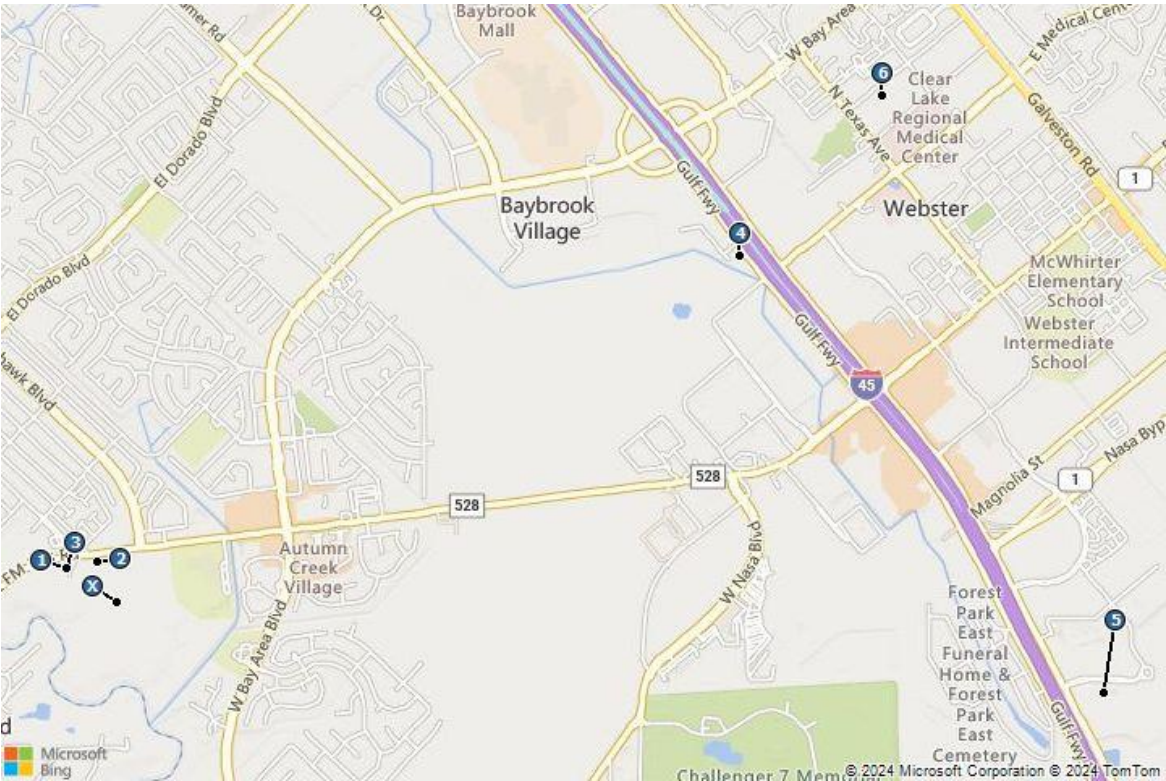
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 5

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.</i>	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
2	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
4	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
5	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
6	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
Subject				63,336	63,336	PUD (Planned		
Friendswood Public Improvement District				1.45	1.45	Unit		
Friendswood, TX						Development)		

Comparable Land Sales Map – Lot 5





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - FM 528



Sale 4
Land - Gulf Fwy



Sale 5
Land - Flyway Drive



Sale 6
Land - Orchard St.



Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2, 3 and 5 are similar to the subject and require no adjustment. Sale 4 is superior to the subject. A downward adjustment is applied. Sale 6 is inferior to the subject. An upward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 5

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Address	South side of FM-528, west of W. Bay Area Boulevard	Southeast corner of FM 528 and Townes Road	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,155,734	\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080
Acres	1.454	1.474	1.654	1.659	3.234	2.961	1.000
Usable Acres	1.454	1.474	1.654	1.659	2.696	2.961	1.000
Price per Usable Square Foot		\$18.00	\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments							
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—
Conditions of Sale		—	—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—
Market Conditions	7/5/2024	Mar-24	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—	—
Cumulative Adjusted Price		\$18.00	\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments							
Location		—	—	—	—	—	—
Access/Exposure		—	—	—	-10%	—	10%
Size		—	—	—	—	—	—
Shape and Topography		—	—	—	—	—	—
Zoning		—	—	—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	\$0.00	-\$2.29	\$0.00	\$1.80
Net Property Adjustments (%)		0%	0%	0%	-10%	0%	10%
Final Adjusted Price		\$18.00	\$20.00	\$20.00	\$20.62	\$20.26	\$19.80
Range of Adjusted Prices							
		\$18.00 - \$20.62					
Average		\$19.78					
Indicated Value		\$20.00					

Land Value Conclusion – Lot 5

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$20.62 per usable square foot, with an average of \$19.78 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	63,336
Indicated Value	\$1,266,725
Rounded	\$1,270,000

Lot 6 (2.750 Acres; = 119,790 SF)

To apply the sales comparison approach to Lot 6, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Mixed-use, Commercial and Multi-family
- Transaction Date: Past 24 months

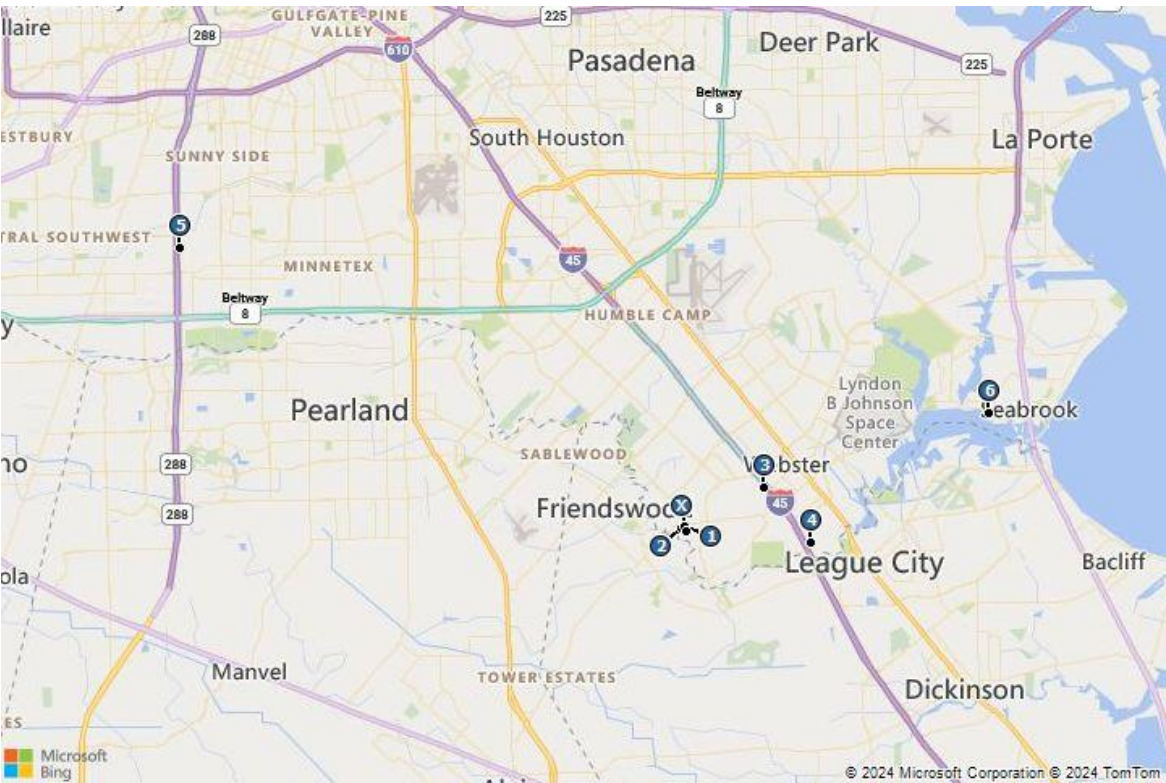
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 6

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	14.95 Ac Hwy 288 East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue Houston Harris County TX <i>Comments: Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.</i>	Aug-22 Closed	\$12,369,893	651,048 14.95	537,792 12.35	None	\$19.00	\$23.00
6	Waterfront Land - NASA Pkwy West side of NASA Parkway at Repsdorph Road Seabrook Harris County TX <i>Comments: The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.</i>	Aug-22 Closed	\$12,700,000	447,133 10.26	447,133 10.26	WAD	\$28.40	\$28.40
Subject Friendswood Public Improvement District Friendswood, TX				119,790 2.75	119,790 2.75	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 6





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
14.95 Ac Hwy 288



Sale 6
Waterfront Land - NASA Pkwy

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from August 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2, 4 and 5 are similar to the subject and require no adjustment. Sales 3 and 6 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

Sales 1, 2, 3 and 4 are similar to the subject and require no adjustment. Sales 5 and 6 are larger than the subject and require upward adjustments.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

Sales 5 and 6 are similar to the subject and require no adjustment. Sales 1, 2, 3 and 4 are inferior to the subject. Upward adjustments are applied.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 6

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue	West side of NASA Parkway at Repsдорф Road
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Houston	Seabrook
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Aug-22	Aug-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$12,369,893	\$12,700,000
Acres	2.750	1.654	1.659	3.234	2.961	14.946	10.265
Usable Acres	2.750	1.654	1.659	2.696	2.961	12.346	10.265
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$23.00	\$28.40
Transactional Adjustments							
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	Arm's-length	—
% Adjustment		—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Aug-22	Aug-22
Annual % Adjustment	0%	—	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$23.00	\$28.40
Property Adjustments							
Location		—	—	—	—	—	—
Access/Exposure		—	—	-10%	—	—	-20%
Size		—	—	—	—	10%	10%
Shape and Topography		—	—	—	—	—	—
Zoning		25%	25%	25%	25%	—	—
Net Property Adjustments (\$)		\$5.00	\$5.00	\$3.44	\$5.07	\$2.30	-\$2.84
Net Property Adjustments (%)		25%	25%	15%	25%	10%	-10%
Final Adjusted Price		\$25.00	\$25.00	\$26.35	\$25.33	\$25.30	\$25.56
Range of Adjusted Prices		\$25.00 - \$26.35					
Average		\$25.42					
Indicated Value		\$25.50					

Land Value Conclusion – Lot 6

Prior to adjustments, the sales reflect a range of \$20.00 - \$28.40 per usable square foot. After adjustment, the range is narrowed to \$25.00 - \$26.35 per usable square foot, with an average of \$25.42 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$25.50
Subject Usable Square Feet	119,790
Indicated Value	\$3,054,645
Rounded	\$3,050,000

Lot 7 (2.716 Acres; 118,309 SF)

To apply the sales comparison approach to Lot 7, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Mixed-use, Commercial and Multi-family
- Transaction Date: Past 24 months

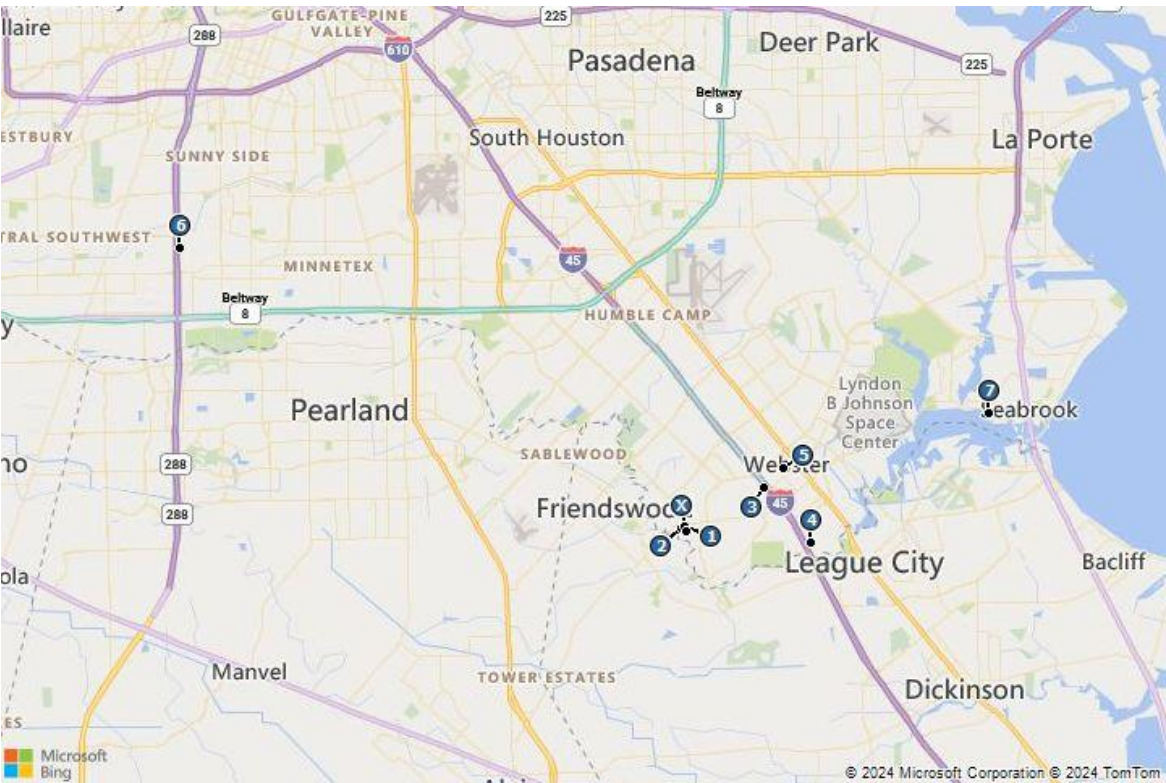
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 7

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
6	14.95 Ac Hwy 288 East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue Houston Harris County TX <i>Comments: Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.</i>	Aug-22 Closed	\$12,369,893	651,048 14.95	537,792 12.35	None	\$19.00	\$23.00
7	Waterfront Land - NASA Pkwy West side of NASA Parkway at Repsdorph Road Seabrook Harris County TX <i>Comments: The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.</i>	Aug-22 Closed	\$12,700,000	447,133 10.26	447,133 10.26	WAD	\$28.40	\$28.40
Subject Friendswood Public Improvement District Friendswood, TX				118,309 2.72	118,309 2.72	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 7





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.



Sale 6
14.95 Ac Hwy 288



Sale 7
Waterfront Land - NASA Pkwy

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from August 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3, 4, 6 and 7 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

Sales 1, 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sales 6 and 7 are larger than the subject and require upward adjustments.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

Sales 6 and 7 are similar to the subject and require no adjustment. Sales 1, 2, 3, 4 and 5 are inferior to the subject. Upward adjustments are applied.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 7

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue	East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue	West side of NASA Parkway at Repsdorh Road
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster	Houston	Seabrook
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Oct-22	Aug-22	Aug-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080	\$12,369,893	\$12,700,000
Acres	2.716	1.654	1.659	3.234	2.961	1.000	14.946	10.265
Usable Acres	2.716	1.654	1.659	2.696	2.961	1.000	12.346	10.265
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00	\$23.00	\$28.40
Transactional Adjustments								
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—	Arm's-length	—
% Adjustment		—	—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22	Aug-22	Aug-22
Annual % Adjustment	0%	—	—	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00	\$23.00	\$28.40
Property Adjustments								
Location		—	—	—	—	—	—	—
Access/Exposure		-10%	-10%	-20%	-10%	—	-10%	-30%
Size		—	—	—	—	—	10%	10%
Shape and Topography		—	—	—	—	—	—	—
Zoning		25%	25%	25%	25%	25%	—	—
Net Property Adjustments (\$)		\$3.00	\$3.00	\$1.15	\$3.04	\$4.50	\$0.00	-\$5.68
Net Property Adjustments (%)		15%	15%	5%	15%	25%	0%	-20%
Final Adjusted Price		\$23.00	\$23.00	\$24.06	\$23.30	\$22.50	\$23.00	\$22.72
Range of Adjusted Prices		\$22.50 - \$24.06						
Average		\$23.08						
Indicated Value		\$23.00						

Land Value Conclusion – Lot 7

Prior to adjustments, the sales reflect a range of \$18.00 - \$28.40 per usable square foot. After adjustment, the range is narrowed to \$22.50 - \$24.06 per usable square foot, with an average of \$23.08 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$23.00
Subject Usable Square Feet	118,309
Indicated Value	\$2,721,106
Rounded	\$2,720,000

Lot 8 (2.660 Acres; 115,870 SF)

To apply the sales comparison approach to Lot 8, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

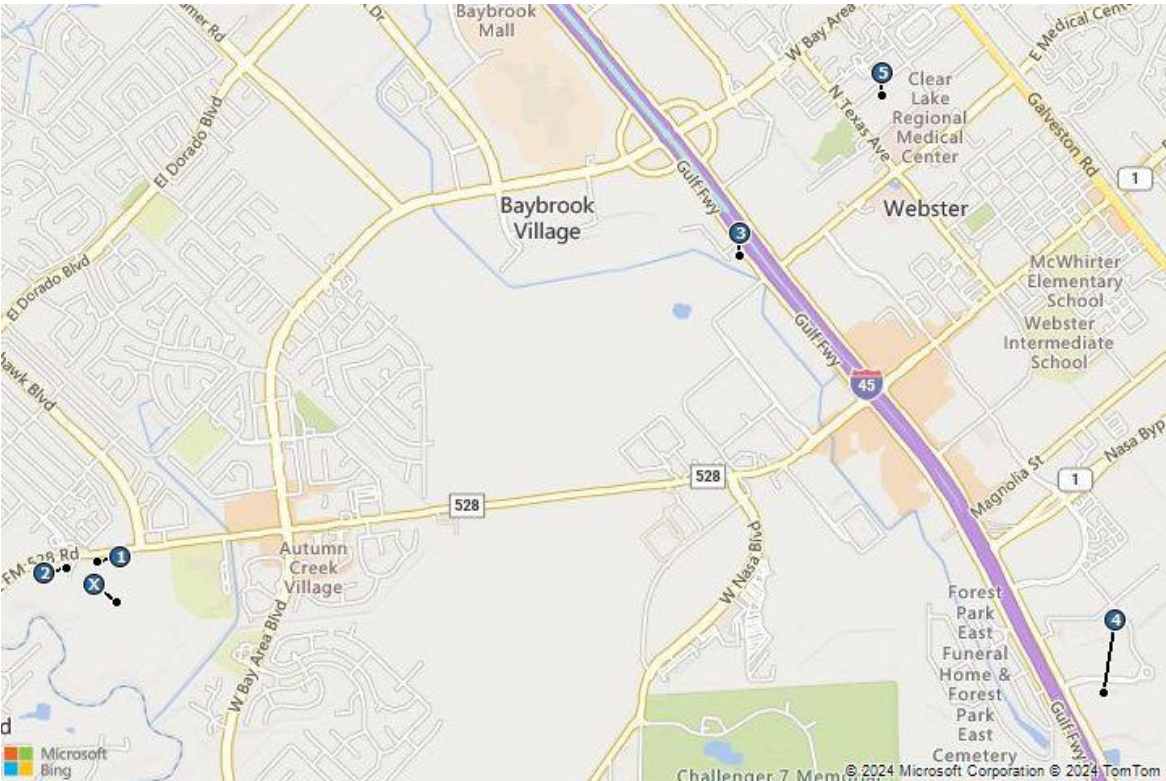
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 8

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
Subject Friendswood Public Improvement District Friendswood, TX				115,870 2.66	115,870 2.66	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 8





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3 and 4 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 8

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080
Acres	2.660	1.654	1.659	3.234	2.961	1.000
Usable Acres	2.660	1.654	1.659	2.696	2.961	1.000
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-10%	-10%	-20%	-10%	—
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Net Property Adjustments (\$)		-\$2.00	-\$2.00	-\$4.58	-\$2.03	\$0.00
Net Property Adjustments (%)		-10%	-10%	-20%	-10%	0%
Final Adjusted Price		\$18.00	\$18.00	\$18.33	\$18.24	\$18.00
Range of Adjusted Prices						
		\$18.00 - \$18.33				
Average		\$18.11				
Indicated Value		\$18.00				

Land Value Conclusion – Lot 8

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$18.33 per usable square foot, with an average of \$18.11 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$18.00
Subject Usable Square Feet	115,870
Indicated Value	\$2,085,653
Rounded	\$2,090,000

Lot 9 (3.072 Acres; 133,816 SF)

To apply the sales comparison approach to Lot 9, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Mixed-use, Commercial and Multi-family
- Transaction Date: Past 24 months

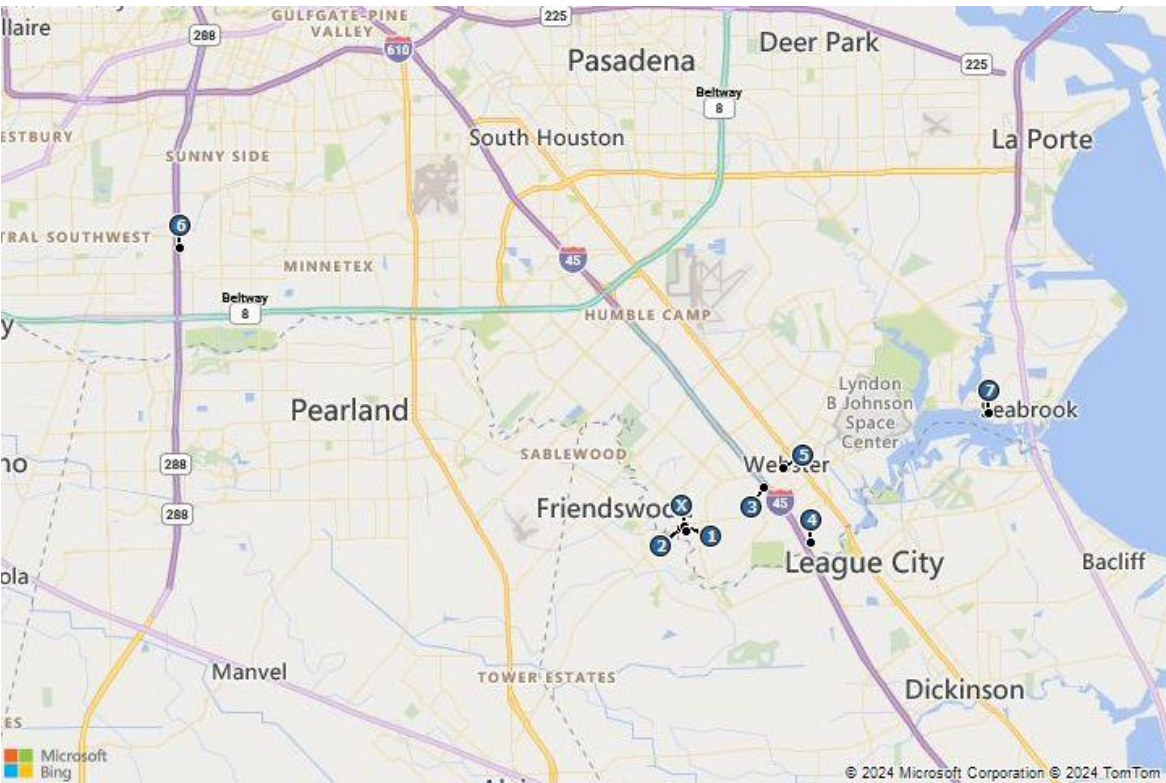
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 9

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
6	14.95 Ac Hwy 288 East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue Houston Harris County TX <i>Comments: Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.</i>	Aug-22 Closed	\$12,369,893	651,048 14.95	537,792 12.35	None	\$19.00	\$23.00
7	Waterfront Land - NASA Pkwy West side of NASA Parkway at Reps dorph Road Seabrook Harris County TX <i>Comments: The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.</i>	Aug-22 Closed	\$12,700,000	447,133 10.26	447,133 10.26	WAD	\$28.40	\$28.40
Subject Friendswood Public Improvement District Friendswood, TX				133,816 3.07	133,816 3.07	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 9





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.



Sale 6
14.95 Ac Hwy 288



Sale 7
Waterfront Land - NASA Pkwy

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from August 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3, 4, 6 and 7 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

Sales 1, 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sales 6 and 7 are larger than the subject and require upward adjustments.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

Sales 6 and 7 are similar to the subject and require no adjustment. Sales 1, 2, 3, 4 and 5 are inferior to the subject. Upward adjustments are applied.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 9

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue	East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue	West side of NASA Parkway at Repsdorh Road
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster	Houston	Seabrook
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Oct-22	Aug-22	Aug-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080	\$12,369,893	\$12,700,000
Acres	3.072	1.654	1.659	3.234	2.961	1.000	14.946	10.265
Usable Acres	3.072	1.654	1.659	2.696	2.961	1.000	12.346	10.265
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00	\$23.00	\$28.40
Transactional Adjustments								
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—	Arm's-length	—
% Adjustment		—	—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22	Aug-22	Aug-22
Annual % Adjustment	0%	—	—	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00	\$23.00	\$28.40
Property Adjustments								
Location		—	—	—	—	—	—	—
Access/Exposure		-10%	-10%	-20%	-10%	—	-10%	-30%
Size		—	—	—	—	—	10%	10%
Shape and Topography		—	—	—	—	—	—	—
Zoning		25%	25%	25%	25%	25%	—	—
Net Property Adjustments (\$)		\$3.00	\$3.00	\$1.15	\$3.04	\$4.50	\$0.00	-\$5.68
Net Property Adjustments (%)		15%	15%	5%	15%	25%	0%	-20%
Final Adjusted Price		\$23.00	\$23.00	\$24.06	\$23.30	\$22.50	\$23.00	\$22.72
Range of Adjusted Prices		\$22.50 - \$24.06						
Average		\$23.08						
Indicated Value		\$23.00						

Land Value Conclusion – Lot 9

Prior to adjustments, the sales reflect a range of \$18.00 - \$28.40 per usable square foot. After adjustment, the range is narrowed to \$22.50 - \$24.06 per usable square foot, with an average of \$23.08 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$23.00
Subject Usable Square Feet	133,816
Indicated Value	\$3,077,775
Rounded	\$3,080,000

Lot 10 (3.687 Acres; 160,606 SF)

To apply the sales comparison approach to Lot 10, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

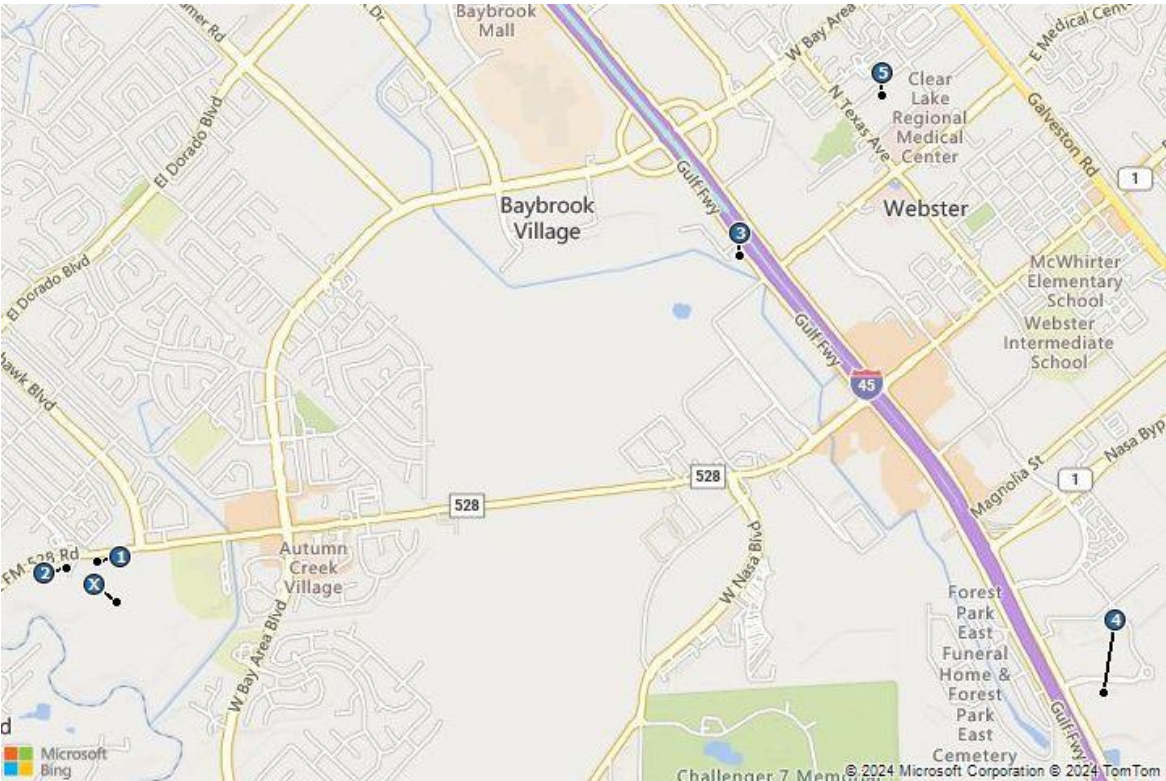
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 10

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
	Subject Friendswood Public Improvement District Friendswood, TX			160,606 3.69	160,606 3.69	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 10





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3 and 4 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 10						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080
Acres	3.687	1.654	1.659	3.234	2.961	1.000
Usable Acres	3.687	1.654	1.659	2.696	2.961	1.000
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-10%	-10%	-20%	-10%	—
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Net Property Adjustments (\$)		-\$2.00	-\$2.00	-\$4.58	-\$2.03	\$0.00
Net Property Adjustments (%)		-10%	-10%	-20%	-10%	0%
Final Adjusted Price		\$18.00	\$18.00	\$18.33	\$18.24	\$18.00
Range of Adjusted Prices						
		\$18.00 - \$18.33				
Average		\$18.11				
Indicated Value		\$18.00				

Land Value Conclusion – Lot 10

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$18.33 per usable square foot, with an average of \$18.11 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$18.00
Subject Usable Square Feet	160,606
Indicated Value	\$2,890,903
Rounded	\$2,890,000



Lot 11 (1.806 Acres; 78,675 SF)

To apply the sales comparison approach to Lot 11, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

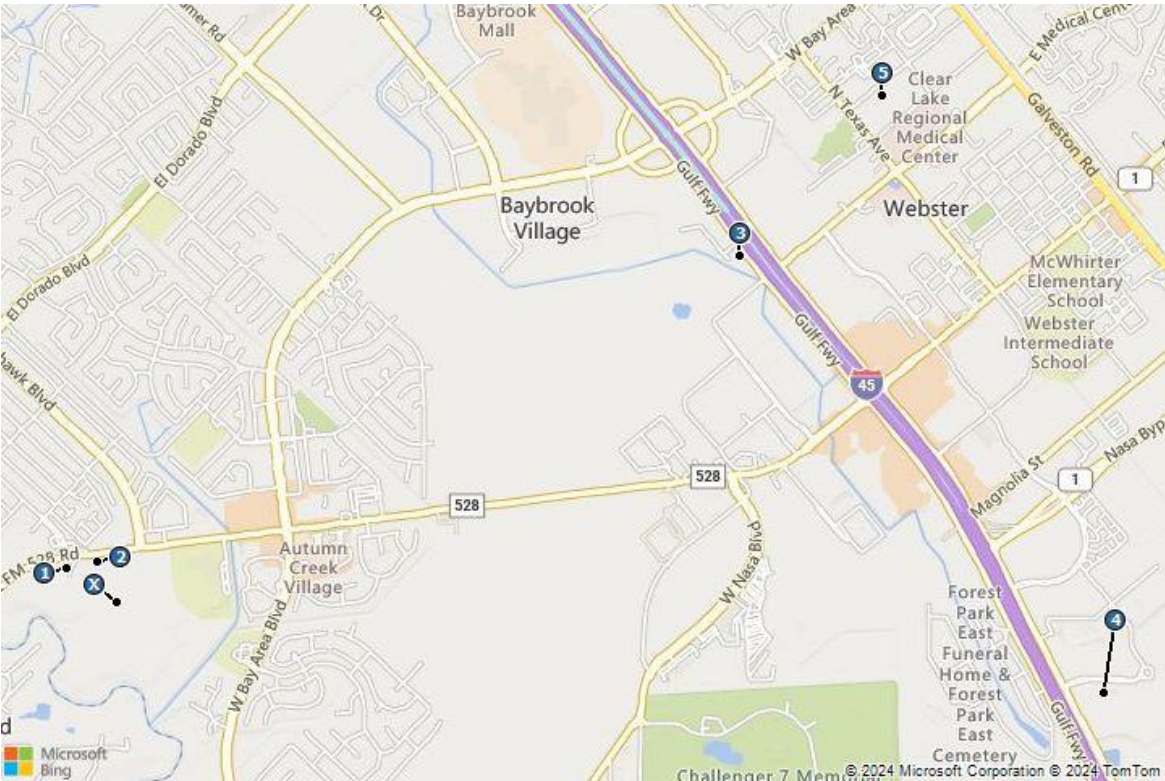
For this analysis, price per usable square foot is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:



Summary of Comparable Land Sales - Lot 11

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
2	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
	Subject Friendswood Public Improvement District Friendswood, TX			78,675 1.81	78,675 1.81	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 11





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to March 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3 and 4 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are superior to the subject. Downward adjustments are applied.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 11						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southeast corner of FM 528 and Townes Road	Southwest corner of FM 528 and Madison Avenue	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Mar-24	Mar-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,155,734	\$1,440,965	\$2,690,732	\$2,613,600	\$784,080
Acres	1.806	1.474	1.654	3.234	2.961	1.000
Usable Acres	1.806	1.474	1.654	2.696	2.961	1.000
Price per Usable Square Foot		\$18.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Mar-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$18.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-10%	-10%	-20%	-10%	—
Size		—	—	—	—	—
Shape and Topography		-10%	-10%	-10%	-10%	-10%
Zoning		—	—	—	—	—
Net Property Adjustments (\$)		-\$3.60	-\$4.00	-\$6.87	-\$4.05	-\$1.80
Net Property Adjustments (%)		-20%	-20%	-30%	-20%	-10%
Final Adjusted Price		\$14.40	\$16.00	\$16.04	\$16.21	\$16.20
Range of Adjusted Prices		\$14.40 - \$16.21				
Average		\$15.77				
Indicated Value		\$15.75				

Land Value Conclusion – Lot 11

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$14.40 - \$16.21 per usable square foot, with an average of \$15.77 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based on the preceding analysis, the land value conclusion for the subject is presented as follows:

Land Value Conclusion	
Lot 11	
Indicated Value per Usable Square Foot	\$15.75
Subject Usable Square Feet	78,675
Indicated Value	\$1,239,131
Rounded	\$1,240,000



Lot 12 (17.515 Acres; 762,937 SF)

To apply the sales comparison approach to Lot 12, the research focused on transactions within the following parameters:

- Location: Houston Area
- Size: 10 – 20 Acres
- Use: Multi-Family or Mixed-use with Multi-Family
- Transaction Date: Past 24 months

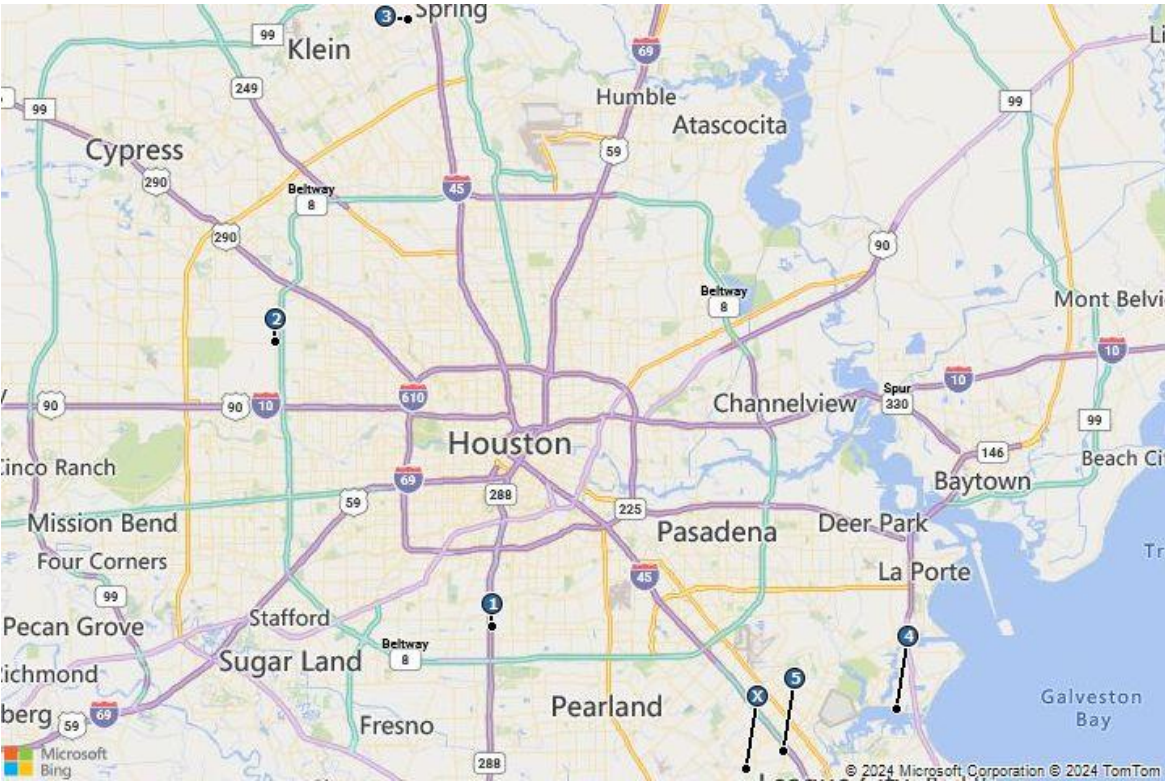
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 12

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	14.95 Ac Hwy 288 East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue Houston Harris County TX <i>Comments: Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.</i>	Aug-22 Closed	\$12,369,893	651,048 14.95	537,792 12.35	None	\$19.00	\$23.00
2	Brittmoore Land 4522 Northwest quadrant of Brittmoore Road and Clay Road Houston Harris County TX <i>Comments: The property is to be improved with a 324-unit, Class A market rate apartment project. Although the property wraps detention owned by Harris County, it will require onsite detention for development.</i>	Oct-22 Closed	\$12,000,000	701,272 16.10	567,351 13.02	None	\$17.11	\$21.15
3	10.8046 acres, FM 2920 Southwest corner of FM-2920 and Foster Road Spring Harris County TX <i>Comments: The property was used for light industrial purposes and included a 15,513 SF industrial building. It was purchased to be developed with an apartment development. As such, we have added the estimated cost of \$75,000 for demolition costs.</i>	Aug-23 Closed	\$5,815,419	470,648 10.80	470,648 10.80	None	\$12.36	\$12.36
4	Waterfront Land - NASA Pkwy West side of NASA Parkway at Repsдорф Road Seabrook Harris County TX <i>Comments: The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.</i>	Aug-22 Closed	\$12,700,000	447,133 10.26	447,133 10.26	WAD	\$28.40	\$28.40
5	Land - Webster Southeast corner of Medical Center Boulevard and Genesis Boulevard Webster Harris County TX <i>Comments: The property was listed at \$13.75/SF. On site detention required. According to the broker, the grantee intends to build an Andretti amusement center on the site. Site is adjacent to Costco.</i>	May-24 Recorded	\$5,227,200	435,600 10.00	435,600 10.00	C2	\$12.00	\$12.00
Subject Friendswood Public Improvement District Friendswood, TX				762,937 17.51	762,937 17.51	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 12





Sale 1
14.95 Ac Hwy 288



Sale 2
Brittmoore Land



Sale 3
10.8046 acres, FM 2920



Sale 4
Waterfront Land - NASA Pkwy



Sale 5
Land - Webster

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from August 2022 to March 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 2 is similar to the subject and requires no adjustment. Sales 1 and 4 are superior to the subject. Downward adjustments are applied. Sales 3 and 5 are inferior to the subject. Upward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

Sales 1, 2, 4 and 5 are similar to the subject and require no adjustment. Sale 3 is inferior to the subject. An upward adjustment is applied.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

Sales 1, 2, 3 and 4 are similar to the subject and require no adjustment. Sale 5 is inferior to the subject. An upward adjustment is applied.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 12

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue	4522 Northwest quadrant of Brittmoore Road and Clay Road	Southwest corner of FM-2920 and Foster Road	West side of NASA Parkway at Repsdorph Road	Southeast corner of Medical Center Boulevard and Genesis Boulevard
City	Friendswood	Houston	Houston	Spring	Seabrook	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Aug-22	Oct-22	Aug-23	Aug-22	May-24
Sale Status		Closed	Closed	Closed	Closed	Recorded
Sale Price		\$12,369,893	\$12,000,000	\$5,740,419	\$12,700,000	\$5,227,200
Expenditures After Purchase		—	—	\$75,000	—	—
Effective Sale Price		\$12,369,893	\$12,000,000	\$5,815,419	\$12,700,000	\$5,227,200
Acres	17.515	14.946	16.099	10.805	10.265	10.000
Usable Acres	17.515	12.346	13.025	10.805	10.265	10.000
Price per Usable Square Foot		\$23.00	\$21.15	\$12.36	\$28.40	\$12.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	—	—	—	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	Demolition costs	—	—
\$ Adjustment		—	—	See Above	—	—
Market Conditions	5/31/2025	Aug-22	Oct-22	Aug-23	Aug-22	May-24
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$23.00	\$21.15	\$12.36	\$28.40	\$12.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-10%	—	30%	-20%	20%
Size		—	—	—	—	—
Shape and Topography		—	—	30%	—	—
Zoning		—	—	—	—	50%
Net Property Adjustments (\$)		-\$2.30	\$0.00	\$7.41	-\$5.68	\$8.40
Net Property Adjustments (%)		-10%	0%	60%	-20%	70%
Final Adjusted Price		\$20.70	\$21.15	\$19.77	\$22.72	\$20.40
Range of Adjusted Prices		\$19.77 - \$22.72				
Average		\$20.95				
Indicated Value		\$21.00				

Land Value Conclusion – Lot 12

Prior to adjustments, the sales reflect a range of \$12.00 - \$28.40 per usable square foot. After adjustment, the range is narrowed to \$19.77 - \$22.72 per usable square foot, with an average of \$20.95 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based on the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$21.00
Subject Usable Square Feet	762,937
Indicated Value	\$16,021,677
Rounded	\$16,020,000



Summary of Land Values

Based upon this analysis, the individual lot values are summarized as follows:

Summary of Land Values					
Parcel	Unit of Comparison	Usable SF	Indicated Value per Usable Square Foot	Indicated Value	Rounded
Lot 1	Usable SF	72,266	\$20.00	\$1,445,321	\$1,450,000
Lot 2	Usable SF	64,207	\$20.00	\$1,284,149	\$1,280,000
Lot 3	Usable SF	72,048	\$20.00	\$1,440,965	\$1,440,000
Lot 4	Usable SF	69,565	\$20.00	\$1,391,306	\$1,390,000
Lot 5	Usable SF	63,336	\$20.00	\$1,266,725	\$1,270,000
Lot 6	Usable SF	119,790	\$25.50	\$3,054,645	\$3,050,000
Lot 7	Usable SF	118,309	\$23.00	\$2,721,106	\$2,720,000
Lot 8	Usable SF	115,870	\$18.00	\$2,085,653	\$2,090,000
Lot 9	Usable SF	133,816	\$23.00	\$3,077,775	\$3,080,000
Lot 10	Usable SF	160,606	\$18.00	\$2,890,903	\$2,890,000
Lot 11	Usable SF	78,675	\$15.75	\$1,239,131	\$1,240,000
Lot 12	Usable SF	762,937	\$21.00	\$16,021,677	\$16,020,000

Sales Comparison Approach – Retail Buildings 1-5

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

As previously discussed, the subject’s proposed retail improvements are valued individually and assumed to be stabilized as of the prospective date of completion, May 31, 2025.

Building Areas			
Name	Gross SF	Rentable SF	Unit of Comparison
Retail Lot 1	15,374	15,374	Rentable SF
Retail Lot 2	14,880	14,880	Rentable SF
Retail Lot 3	16,608	16,608	Rentable SF
Retail Lot 4	14,862	14,862	Rentable SF
Retail Lot 5	14,684	14,684	Rentable SF
TOTAL	76,408	76,408	



Retail Building 1 (15,374 SF)

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, the research focused on transactions within the following parameters:

- Property Type: Retail Shopping Center
- Location: Houston-The Woodlands-Sugar Land MSA
- Size: 5,000 – 20,000 SF
- Age/Quality: New construction
- Transaction Date: Most recent available

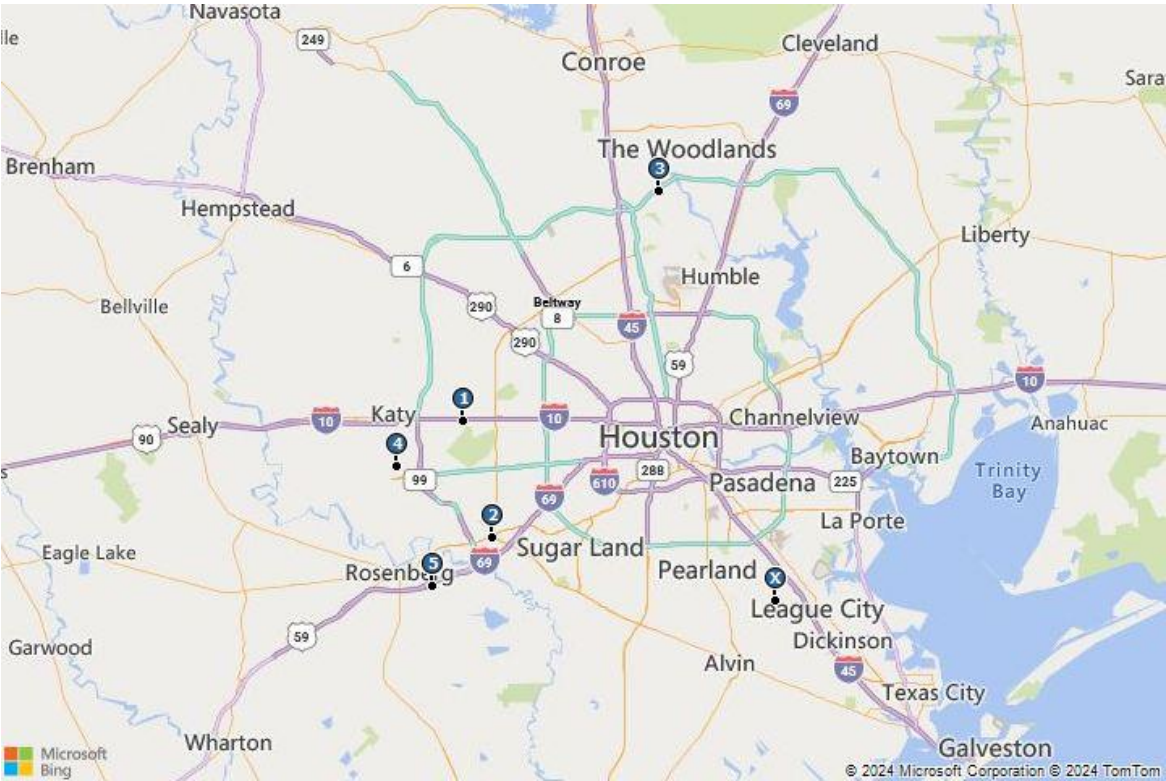
For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.



Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 –	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.66		15,374		
Friendswood City Center - Retail 1			1	0.21				
Friendswood, TX			0%	1.76/1,000				

Comparable Improved Sales Map





Sale 1
R/C - Katy Green



Sale 2
Citadel Retail Center



Sale 3
Woodson's Reserve



Sale 4
Plazas at Spring Green



Sale 5
R/C - Reading Rd

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 1	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	15,374	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$33.61	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	—	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	—	—	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-5%	—	—	—	—
Building Size		—	-6%	-4%	-6%	—
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		—	—	—	—	—
Anchor Strength		—	—	—	—	—
Economic Characteristics		—	—	—	—	—
Net Property Adjustments (\$)		\$15.86	-\$15.84	-\$3.58	-\$18.00	\$22.50
Net Property Adjustments (%)		3%	-3%	-1%	-3%	4%
Final Adjusted Price		\$544.66	\$527.37	\$533.39	\$535.85	\$585.07
Range of Adjusted Prices		\$527.37 - \$585.07				
Average		\$545.27				
Indicated Value		\$545.00				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$527.37 - \$585.07 per square foot, with an average of \$545.27 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	\$545.00
Subject Square Feet	15,374
Rounded	\$8,380,000
Indicated Value	\$8,378,830
Rounded	\$8,380,000



Retail Building 2 (14,880 SF)

To apply the sales comparison approach, we utilized the same comparable sales set used to estimate stabilized market value of Retail Building 2.

For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales								
No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 -	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.47		14,880		
Friendswood City Center - Retail 2			1	0.23				
Friendswood, TX			0%	5.65/1,000				

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 2	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	14,880	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$33.61	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	—	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	—	—	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-5%	—	—	—	—
Building Size		—	-6%	-3%	-6%	—
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		—	—	—	—	—
Anchor Strength		—	—	—	—	—
Economic Characteristics		—	—	—	—	—
Net Property Adjustments (\$)		\$15.86	-\$14.05	-\$1.81	-\$16.17	\$22.50
Net Property Adjustments (%)		3%	-3%	0%	-3%	4%
Final Adjusted Price		\$544.66	\$529.16	\$535.15	\$537.68	\$585.07
Range of Adjusted Prices		\$529.16 - \$585.07				
Average		\$546.34				
Indicated Value		\$546.50				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$529.16 - \$585.07 per square foot, with an average of \$546.34 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	\$546.50
Subject Square Feet	14,880
Rounded	\$8,130,000
Indicated Value	\$8,131,920
Rounded	\$8,130,000



Retail Building 3 (16,608 SF)

To apply the sales comparison approach, we utilized the same comparable sales set used to estimate stabilized market value of Retail Building 3.

For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales								
No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 -	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.65		16,608		
Friendswood City Center - Retail 3			1	0.23				
Friendswood, TX			0%	5.12/1,000				

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 3	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	16,608	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$33.61	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	—	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	—	—	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-5%	—	—	—	—
Building Size		—	-7%	-4%	-7%	—
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		—	—	—	—	—
Anchor Strength		—	—	—	—	—
Economic Characteristics		—	—	—	—	—
Net Property Adjustments (\$)		\$15.86	-\$20.31	-\$7.99	-\$22.55	\$22.50
Net Property Adjustments (%)		3%	-4%	-1%	-4%	4%
Final Adjusted Price		\$544.66	\$522.90	\$528.97	\$531.30	\$585.07
Range of Adjusted Prices		\$522.90 - \$585.07				
Average		\$542.58				
Indicated Value		\$542.50				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$522.90 - \$585.07 per square foot, with an average of \$542.58 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	\$542.50
Subject Square Feet	16,608
Rounded	\$9,010,000
Indicated Value	\$9,009,840
Rounded	\$9,010,000



Retail Building 4 (14,862 SF)

To apply the sales comparison approach, we utilized the same comparable sales set used to estimate stabilized market value of Retail Building 4.

For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales								
No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 -	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.60		14,862		
Friendswood City Center - Retail 4			1	0.21				
Friendswood, TX			0%	5.52/1,000				

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 4	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	14,862	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$33.61	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	—	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	—	—	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-5%	—	—	—	—
Building Size		—	-6%	-3%	-6%	—
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		—	—	—	—	—
Anchor Strength		—	—	—	—	—
Economic Characteristics		—	—	—	—	—
Net Property Adjustments (\$)		\$15.86	-\$13.99	-\$1.74	-\$16.11	\$22.50
Net Property Adjustments (%)		3%	-3%	0%	-3%	4%
Final Adjusted Price		\$544.66	\$529.23	\$535.22	\$537.74	\$585.07
Range of Adjusted Prices		\$529.23 - \$585.07				
Average		\$546.38				
Indicated Value		\$546.50				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$529.23 - \$585.07 per square foot, with an average of \$546.38 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	\$546.50
Subject Square Feet	14,862
Rounded	\$8,120,000
Indicated Value	\$8,122,083
Rounded	\$8,120,000



Retail Building 5 (14,684 SF)

To apply the sales comparison approach, we utilized the same comparable sales set used to estimate stabilized market value of Retail Building 5.

For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales								
No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 -	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.45		14,684		
Friendswood City Center - Retail 5			1	0.23				
Friendswood, TX			0%	2.79/1,000				

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. The subject's proposed Retail Building 5 will include an approximate 6,000 SF c-store/gas station that is expected to be of a higher quality construction than typical retail centers. All of the comparables are inferior to the subject. Upward adjustments are applied.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 5	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	14,684	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$46.79	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	-	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		-	-	-	-	-
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	-	-	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		-	-	-	-	-
Access/Exposure		-5%	-	-	-	-
Building Size		-	-5%	-3%	-6%	-
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		30%	30%	30%	30%	30%
Anchor Strength		-	-	-	-	-
Economic Characteristics		-	-	-	-	-
Net Property Adjustments (\$)		\$174.50	\$149.62	\$159.98	\$150.71	\$191.27
Net Property Adjustments (%)		33%	28%	30%	27%	34%
Final Adjusted Price		\$703.30	\$692.84	\$696.94	\$704.56	\$753.84
Range of Adjusted Prices		\$692.84 - \$753.84				
Average		\$710.29				
Indicated Value		\$710.00				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$692.84 - \$753.84 per square foot, with an average of \$710.29 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison

Indicated Value per SF	\$710.00
Subject Square Feet	14,684
Rounded	\$10,430,000
Indicated Value	\$10,425,640
Rounded	\$10,430,000

Summary of Value Indications

Use of the sales comparison approach yields the following indications of stabilized market value:

Indicated Value - Sales Comparison Approach

Property	Rentable SF	Indicated Value per SF	Indicated Value	Rounded
Retail Lot 1	15,374	\$545.00	\$8,378,830	\$8,380,000
Retail Lot 2	14,880	\$546.50	\$8,131,920	\$8,130,000
Retail Lot 3	16,608	\$542.50	\$9,009,840	\$9,010,000
Retail Lot 4	14,862	\$546.50	\$8,122,083	\$8,120,000
Retail Lot 5	14,684	\$710.00	\$10,425,640	\$10,430,000

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, only direct capitalization is used because investors in this property type typically rely more on this method.

Leased Status of Property

A rent roll showing the individual building sizes is shown below.

Rent Roll								
Tenant	SF	Lease Start	Lease Type	Income Type	Market Rent	Rent Applied	PGR Projected	PGR/SF
Retail Lot 1 (Vacant)	15,374		Triple Net	\$/SF/Yr	\$36.00	Market	\$553,464	\$36.00
Retail Lot 2 (Vacant)	14,880		Triple Net	\$/SF/Yr	\$36.00	Market	\$535,680	\$36.00
Retail Lot 3 (Vacant)	16,608		Triple Net	\$/SF/Yr	\$36.00	Market	\$597,888	\$36.00
Retail Lot 4 (Vacant)	14,862		Triple Net	\$/SF/Yr	\$36.00	Market	\$535,032	\$36.00
Retail Lot 5 (Vacant)	8,684		Triple Net	\$/SF/Yr	\$36.00	Market	\$312,624	\$36.00
Retail Lot 5 - C-Store/Gas Station (Owner)	6,000		Triple Net	\$/SF/Yr	\$70.00	Market	\$420,000	\$70.00
Total/Average*	76,408						\$2,954,688	\$38.67
Vacant SF	76,408	100%						
Leased SF	0	0%						

Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date.

As discussed, Retail Buildings 1-4 will have an expected tenant mix of limited and full-service restaurants and in-line general retail among others. Retail Building 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Retail Building 5 is assumed to be similar retail uses as Retail Buildings 1-4.

Given that the subject properties are proposed and signed LOIs, if any, are not fully executed leases and could be modified and/or cancelled prior to completion, we use market rent as a basis in our income analysis. Further, based on discussions with the individual developers and leasing brokers, there is a high level of interest in the properties, and it is highly likely that the proposed improvements would be fully leased at completion. Accordingly, we assume stabilized occupancy as of the prospective effective date (May 31, 2024) and do not apply lease-up cost deductions.

Leasing Activity

The following is a brief discussion of leasing activity at each building based on discussions with the individual developers and leasing brokers.

- **Retail Building 1** – there is one (1) signed LOI for approximately 4,200 SF at an initial rate of \$36.00/SF with 3.00% yearly increases. The developer is in discussions with multiple tenants including Hannah Law, PC (1,500 SF) and Starbucks (2,600 SF) with starting rent of \$36.00/SF. Further, they are working with a design group for a breakfast/restaurant concept that will take approximately 3,000 – 4,000 SF that will be operated in-house.
- **Retail Building 2** – there is one (1) signed LOI for a 3,000 +/- SF endcap space on a 10-year term. Lease details were not provided. Further, there is an LOI proposal out to Children’s House for approximately 6,000 SF on a 5-year term. Other active LOI negotiations include a bakery and gelato company and pizzeria.
- **Retail Building 3** – there are two (2) active LOI negotiations with two nail salons starting at \$36.00/SF on a 10-year term with TI allowance between \$35.00-\$36.00/SF. In addition, the developer is in talks with several restaurant tenants including a major local restauranter looking to open a high-end steak house. Other active discussions include Black Line Coffee, American Food and Market, Red Oak Café, Craft 96, a Japanese BBQ concept, dental group, ophthalmologist, hair salon, Café Petra-Pearland, Bahama Bucks, and Jeremiah’s Ice. We were not provided with term details on other active negotiations.
- **Retail Building 4** – the following tenant types are interested in leasing space within the building: day care use, restaurant, game center, ice cream shop, bookstore and home accessory store, specialty juice company, shoe store, art store, and secret escape room. We were not provided with term details on any active LOI negotiations. According to the developer, interest is very high for this location.
- **Retail Building 5** – is in the early stages of planning and expected to include two end-cap restaurant or retail space available. The center of the building will include an approximate 6,000 SF c-store/gas station that is expected to be run in-house.

Market Rent Analysis

To estimate market rent for the subject, the research focused on comparable rentals within the following parameters:

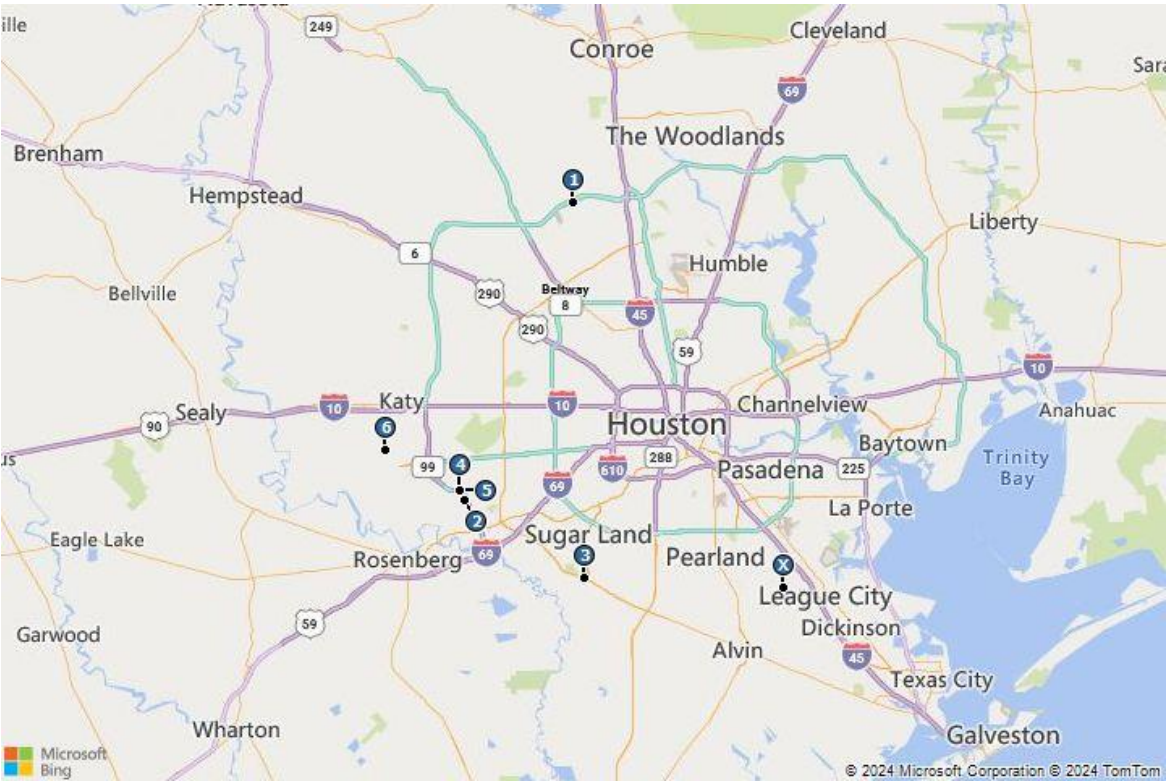
- Location: Houston-The Woodlands-Sugar Land MSA
- Property Type: Retail
- Size: Any size
- Date: Most recent available

Retail Space Rental Analysis

Comparable rentals considered most relevant to the subject's retail space are summarized in the following table.

Summary of Comparable Rentals - Retail									
No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	Shops at Grand Parkway 6941 Spring Stuebner Road Spring Harris County TX	Yr Blt. 2023 Stories: 1 GLA: 17,600 Parking Ratio: 5.5 /1,000	Nail Salon	1,500	Jun-24	60	\$34.00	Fixed Steps	Triple Net
<i>Comments: Multi-tenant strip center built in 2023 and located in Spring, Texas. Tenant signed a 60-month lease starting at \$34.00/SF triple net.</i>									
2	Harvest Green Retail Center 18802 W. Airport Boulevard Richmond Fort Bend County TX	Yr Blt. 2023 Stories: 1 GLA: 82,605 Parking Ratio: 6.8 /1,000	Russo's New York Pizzeria	2,123	Jun-24	120	\$33.00	Fixed Steps	Triple Net
<i>Comments: Part of a multi-building community shopping center known as Harvest Green built in 2023. Tenant signed a 10-year term at \$33.00/SF triple net with 5% increase in Year 6.</i>									
3	Fort Bend Town Center RC 10407 Highway 6 Missouri City Fort Bend County TX	Yr Blt. 2024 Stories: 1 GLA: 7,880 Parking Ratio: 10.7 /1,000	MOD Pizza	2,602	Feb-24	120	\$36.00	Fixed Steps	Triple Net
<i>Comments: Property is 100% occupied.</i>									
4	Western Village @ Waterview Town Center 19320 W. Bellfort Street Richmond Fort Bend County TX	Yr Blt. 2022 Stories: 1 GLA: 13,563 Parking Ratio: 6.6 /1,000	Cinnaholic	1,156	Sep-23	125	\$35.50	Fixed Steps	Triple Net
<i>Comments: Multi-tenant retail shopping center built in 2022 located in Richmond, TX. Tenant signed a 125-year lease starting at \$35.50/SF triple net.</i>									
5	Western Village @ Waterview Town Center 19320 W. Bellfort Street Richmond Fort Bend County TX	Yr Blt. 2022 Stories: 1 GLA: 13,563 Parking Ratio: 6.6 /1,000	Aloha Poke	1,600	May-23	120	\$34.00	Fixed Steps	Triple Net
<i>Comments: Multi-tenant retail shopping center built in 2022 located in Richmond, TX. Tenant signed a 10-year lease starting at \$34.00/SF triple net.</i>									
6	R/C - FM 1463 4906 FM 1463 Katy Fort Bend County TX	Yr Blt. 2020/2021 Stories: 1 GLA: 22,801 Parking Ratio: -	Woof Gang	1,937	Feb-23	123	\$34.00	Fixed Steps	Triple Net
<i>Comments: Retail shopping center that is shadow anchored by HEB.</i>									

Comparable Rentals Map





Lease 1
Shops at Grand Parkway



Lease 2
Harvest Green Retail Center



Lease 3
Fort Bend Town Center RC



Lease 4
Western Village @ Waterview Town Center



Lease 5
Western Village @ Waterview Town Center



Lease 6
R/C - FM 1463

Analysis and Adjustment of Rents - Retail

Adjustments are considered for the following factors, in the sequence shown below.

Expense Structure

All of the comparables are leased on a triple net basis and no adjustments for expense structure are necessary.

Conditions of Lease

The leases represent finished product of both the building shell and tenant improvements. No adjustments are necessary.

Market Conditions

The comparable rents were signed from February 2023 to June 2024. The rents are generally representative of current market rates as of the date signed. Most leases have annual escalations. According to Costar analytics, the subject's submarket has experienced positive rent growth of 5.02% and 1.54% over the past two years, respectively. Further, Costar projects positive rent growth of 1.48% over the next 12 months. The adjustment grid accounts for this trend with upward adjustments of 1.50% over this period through the effective date of completion.

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Rents 1, 3, 4, 5 and 6 are similar to the subject and require no adjustment. Rent 2 is inferior to the subject. An upward adjustment is applied.

Space Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot, such that larger properties rent for a lower rate per square foot than smaller properties, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. All of the comparables are similar to the subject. No adjustments are necessary.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for differences in quality of construction materials and finishes between the subject and the comparables. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. Rental rates are greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each comparable rent.

Rental Adjustment Grid - Retail							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Friendswood PID - Retail Lots 1-5	Shops at Grand Parkway	Harvest Green Retail Center	Fort Bend Town Center RC	Western Village @ Waterview Town Center	Western Village @ Waterview Town Center	R/C - FM 1463
Address	South side of FM-528, west of W. Bay Area Boulevard	6941 Spring Stuebner Road	18802 W. Airport Boulevard	10407 Highway 6	19320 W. Bellfort Street	19320 W. Bellfort Street	4906 FM 1463
City	Friendswood	Spring	Richmond	Missouri City	Richmond	Richmond	Katy
County	Harris	Harris	Fort Bend	Fort Bend	Fort Bend	Fort Bend	Fort Bend
State	TX	TX	TX	TX	TX	TX	TX
Lease Start Date		Jun-24	Jun-24	Feb-24	Sep-23	May-23	Feb-23
Lease Term (Months)		60	120	120	125	120	123
Tenant Name		Nail Salon	Russo's New York Pizzeria	MOD Pizza	Cinnaholic	Aloha Poke	Woof Gang
Leased SF		1,500	2,123	2,602	1,156	1,600	1,937
Lease Type		Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net
Year Built	2025	2023	2023	2024	2022	2022	2020/2021
Base Rent/SF/Yr		\$34.00	\$33.00	\$36.00	\$35.50	\$34.00	\$34.00
Transactional Adjustments							
Expense Structure							
\$ Adjustment		-	-	-	-	-	-
Conditions of Lease							
% Adjustment		-	-	-	-	-	-
Market Conditions	5/31/2025	Jun-24	Jun-24	Feb-24	Sep-23	May-23	Feb-23
Annual % Adjustment	1.5%	1%	1%	2%	3%	3%	3%
Cumulative Adjusted Rent		\$34.34	\$33.33	\$36.72	\$36.57	\$35.02	\$35.02
Property Adjustments							
Location		-	-	-	-	-	-
Access/Exposure		-	5%	-	-	-	-
Space Size		-	-	-	-	-	-
Effective Age/Condition		2%	2%	1%	3%	3%	5%
Quality of Construction		-	-	-	-	-	-
Anchor Strength		-	-	-	-	-	-
Economic Characteristics		-	-	-	-	-	-
Net Property Adjustments (\$)		\$0.69	\$2.33	\$0.37	\$1.10	\$1.05	\$1.75
Net Property Adjustments (%)		2%	7%	1%	3%	3%	5%
Final Adjusted Price		\$35.03	\$35.66	\$37.09	\$37.66	\$36.07	\$36.77
Range of Adjusted Rents		\$35.03 - \$37.66					
Average		\$36.38					
Indicated Rent		\$36.00					

After analysis, the overall range is \$35.03 - \$37.66 per square foot per year. We place generally equal weight on each comparable. Based on the preceding, a market rent towards the approximate middle of the range could be expected, say \$36.00 per square foot, triple net, for the subject's retail space.

C-Store/Gas Station Space Rental Analysis

Comparable rentals considered most relevant to the subject's c-store/gas station space are summarized in the following table.

Summary of Comparable Rentals - C-Store/Gas Station

No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	7-Eleven - The Woodlands, TX 10080 Research Forest Drive The Woodlands Montgomery County TX	Yr Blt. 2023 Stories: 1 GLA: 4,872 Parking Ratio: -	7-Eleven	4,872	Nov-23	180	\$83.50	Fixed Steps	Absolute Net
<i>Comments: Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.</i>									
2	7-Eleven - Baytown, TX 5907 Garth Road Baytown Harris County TX	Yr Blt. 2022 Stories: 1 GLA: 4,842 Parking Ratio: 5.8 /1,000	7-Eleven	4,842	Oct-22	180	\$64.02	Fixed Steps	Absolute Net
<i>Comments: Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.</i>									
3	7-Eleven - Houston, TX 1211 E. Crosstimbers Street Baytown Harris County TX	Yr Blt. 2022 Stories: 1 GLA: 4,842 Parking Ratio: 9.5 /1,000	7-Eleven	4,842	Sep-22	180	\$66.02	Fixed Steps	Absolute Net
<i>Comments: Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.</i>									
4	7-Eleven - Katy, TX 23013 Clay Road Katy Harris County TX	Yr Blt. 2021 Stories: 1 GLA: 4,842 Parking Ratio: 5.8 /1,000	7-Eleven	4,842	Apr-21	180	\$59.66	Fixed Steps	Absolute Net
<i>Comments: Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 10% increases every 5 years and corporate guaranteed.</i>									



Lease 1
7-Eleven - The Woodlands, TX



Lease 2
7-Eleven - Baytown, TX



Lease 3
7-Eleven - Houston, TX



Lease 4
7-Eleven - Katy, TX

Analysis and Adjustment of Rents – C-Store/Gas Station

Adjustments are considered for the following factors, in the sequence shown below.

Expense Structure

All of the comparables are leased on a triple net basis and no adjustments for expense structure are necessary.

Conditions of Lease

The leases represent finished product of both the building shell and tenant improvements. No adjustments are necessary.

Market Conditions

The comparable rents were signed from April 2021 to November 2023. The rents are generally representative of current market rates as of the date signed. The rent comparables have escalations ranging from 7.50% to 10.00% every 5 years. According to Costar analytics, the subject's submarket has experienced positive rent growth of 5.02% and 1.54% over the past two years, respectively. Further, Costar projects positive rent growth of 1.48% over the next 12 months. The adjustment grid accounts for this trend with upward adjustments of 1.50% over this period through the effective date of completion.

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. Rents 2, 3 and 4 are similar to the subject. No adjustments are necessary. Rent 1 is adjusted downward for superior location in The Woodlands submarket.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. All of the comparables are similar to the subject. No adjustments are necessary.

Space Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot, such that larger properties rent for a lower rate per square foot than smaller properties, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. All of the comparables are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for differences in quality of construction materials and finishes between the subject and the comparables. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. Rental rates are greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each comparable rent.



Rental Adjustment Grid - Gas Station

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Name	Friendswood City Center - Retail 5	7-Eleven - The Woodlands, TX	7-Eleven - Baytown, TX	7-Eleven - Houston, TX	7-Eleven - Katy, TX
Address	South side of FM-528, west of W. Bay Area Boulevard	10080 Research Forest Drive	5907 Garth Road	1211 E. Crosstimbers Street	23013 Clay Road
City	Friendswood	The Woodlands	Baytown	Baytown	Katy
County	Harris	Montgomery	Harris	Harris	Harris
State	TX	TX	TX	TX	TX
Lease Start Date		Nov-23	Oct-22	Sep-22	Apr-21
Lease Term (Months)		180	180	180	180
Tenant Name		7-Eleven	7-Eleven	7-Eleven	7-Eleven
Leased SF	6,000	4,872	4,842	4,842	4,842
Lease Type		Absolute Net	Absolute Net	Absolute Net	Absolute Net
Year Built	2025	2023	2022	2022	2021
Base Rent/SF/Yr		\$83.50	\$64.02	\$66.02	\$59.66
Transactional Adjustments					
Expense Structure					
\$ Adjustment		-	-	-	-
Conditions of Lease					
% Adjustment		-	-	-	-
Market Conditions	5/31/2025	Nov-23	Oct-22	Sep-22	Apr-21
Annual % Adjustment	1.50%	2%	4%	4%	6%
Cumulative Adjusted Rent		\$85.17	\$66.58	\$68.66	\$63.24
Property Adjustments					
Location		-15%	-	-	-
Access/Exposure		-	-	-	-
Space Size		-1%	-1%	-1%	-1%
Effective Age/Condition		2%	3%	3%	4%
Quality of Construction		-	-	-	-
Anchor Strength		-	-	-	-
Net Property Adjustments (\$)		-\$11.71	\$1.48	\$1.53	\$2.04
Net Property Adjustments (%)		-14%	2%	2%	3%
Final Adjusted Price		\$73.46	\$68.06	\$70.19	\$65.28
Range of Adjusted Rents		\$65.28 - \$73.46			
Average		\$69.25			
Indicated Rent		\$70.00			

After analysis, the overall range is \$65.28 - \$73.46 per square foot per year. We place generally equal weight on each comparable. Based on the preceding, a market rent towards the approximate middle of the range could be expected, say \$70.00 per square foot, triple net, for the subject's c-store/gas station space.

Market Rent Conclusion

Based on the preceding analysis of comparable rentals, recent leases at the subject, and trends evident in the market, market lease terms for the subject are concluded as follows:

Concluded Market Lease Terms							
Space Type	SF	Market Rent	Measure	Rent Escalations	Lease Type	Lease Term (Mos.)	TI/SF Shell
Retail	70,408	\$36.00	\$/SF/Yr	3.00% annually	Triple Net	120	\$45.00
C-Store/Gas Station	6,000	\$70.00	\$/SF/Yr	10% every 5 yrs	Triple Net	120	\$45.00

Gross Income Estimate

Potential Gross Rent

Potential gross rent is based on market rents for vacant space, as shown in the following table. Income is projected for the 12-month period following the prospective date of completion.

Potential Gross Rent			
Space Type	SF	Potential Rent at Market	
		Unit Rent	Annual
<u>Retail Lot 1</u>			
Retail	15,374	\$36.00	\$553,464
Total Vacant	15,374	\$36.00	\$553,464
<u>Retail Lot 2</u>			
Retail	14,880	\$36.00	\$535,680
Total Vacant	14,880	\$36.00	\$535,680
<u>Retail Lot 3</u>			
Retail	16,608	\$36.00	\$597,888
Total Vacant	16,608	\$36.00	\$597,888
<u>Retail Lot 4</u>			
Retail	14,862	\$36.00	\$535,032
Total Vacant	14,862	\$36.00	\$535,032
<u>Retail Lot 5</u>			
Retail	8,684	\$36.00	\$312,624
C-Store/Gas Station	6,000	\$70.00	\$420,000
Total Vacant	14,684		\$732,624

¹ Potential gross rent based on market rent

Expense Recoveries

The subject properties are expected to be leased on a triple net basis with tenant's reimbursing the property owner for all operating expenses, except structural repair items. This expense structure is typical of newly built retail space in this market.

Vacancy & Collection Loss Allowance

Stabilized vacancy and collection loss is estimated at 5.0% based on the submarket vacancy rate.

Operating Expenses

We were provided with a detailed stabilized operating budget for Retail Building 1 only. To develop projections of stabilized operating expenses for each retail building, we have relied on the budget for Retail Building 1 and comparable expense data.

Operating History and Projections

	Budget - Retail Lot 1 2025	IRR Projection - Retail Lot 1	IRR Projection - Retail Lot 2	IRR Projection - Retail Lot 3	IRR Projection - Retail Lot 4	IRR Projection - Retail Lot 5
Income						
Base Rent	\$553,610	\$553,464	\$535,680	\$597,888	\$535,032	\$732,624
Expense Reimbursements	161,028	181,270	175,445	195,820	175,233	179,119
Potential Gross Income*	\$714,638	\$734,734	\$711,125	\$793,708	\$710,265	\$911,743
Vacancy & Collection Loss @ 5.0%	-\$35,732	-36,737	-35,556	-39,685	-35,513	-45,587
Effective Gross Income	\$678,906	\$697,997	\$675,569	\$754,022	\$674,752	\$866,156
Expenses						
Real Estate Taxes	\$65,406	\$84,997	\$82,266	\$91,820	\$82,167	\$81,183
Insurance	29,086	29,211	28,272	31,555	28,238	27,900
Common Area Maintenance	46,169	46,122	44,640	49,824	44,586	44,052
Management	20,367	20,940	20,267	22,621	20,243	25,985
Replacement Reserves	0	0	0	0	0	0
Total Expenses	\$161,028	\$181,270	\$175,445	\$195,820	\$175,233	\$179,119
Net Operating Income	\$517,878	\$516,727	\$500,124	\$558,203	\$499,519	\$687,037
Operating Expense Ratio**	23.7%	26.0%	26.0%	26.0%	26.0%	20.7%

*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss. Historical income is the actual income that has been collected by the property owner.

**Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

Unit expense data for the individual Retail Buildings and comparable properties are summarized in the following table.

Expense Analysis per Square Foot

	Comp Data					Subject					
	Comp 1 2021	Comp 2 2022	Comp 3 2023	Comp 4 2023	Comp 5 2021	2025	2025	Projected Expenses		2025	2025
Year Built											
SF	27,460	13,563	6,788	17,600	96,333	15,374	15,374	14,880	16,608	14,862	14,684
Prevailing Lease Type	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net
Budget -											
Operating Data Type	Stabilized	In Place	In Place	Stabilized	In Place	Retail Lot 1	IRR Proj -	IRR Proj -	IRR Proj -	IRR Proj -	IRR Proj -
Year	2024	2024	2024	2024	2023	2025	Retail Lot 1	Retail Lot 2	Retail Lot 3	Retail Lot 4	Retail Lot 5
Real Estate Taxes	\$5.62	\$5.77	\$3.30	\$4.26	\$4.90	\$4.25	\$5.53	\$5.53	\$5.53	\$5.53	\$5.53
Insurance	\$0.70	\$0.82	\$2.25	\$1.47	\$0.77	\$1.89	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90
Common Area Maintenance	\$1.65	\$4.81	\$3.95	\$1.41	\$5.27	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
General/Administrative	\$0.00	\$0.00	\$0.00	\$0.00	\$0.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Management	\$0.77	\$1.92	\$0.74	\$0.85	\$0.27	\$1.32	\$1.36	\$1.36	\$1.36	\$1.36	\$1.77
Replacement Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$8.74	\$13.32	\$10.24	\$8.00	\$11.49	\$10.47	\$11.79	\$11.79	\$11.79	\$11.79	\$12.20
Operating Expense Ratio	27.4%	27.8%	17.0%	22.4%	27.4%	23.7%	26.0%	26.0%	26.0%	26.0%	20.7%

Operating Expense Analysis by Category

Discussions of our operating expense projections are presented in the following paragraphs.

Real Estate Taxes

This expense category includes all local, county, and state property tax levies. Our projection is based on the projected property assessment and current tax rate for the subject, as discussed previously in the Real Estate Tax Analysis.

Real Estate Taxes Expense											
	Comp 1 2024	Comp 2 2024	Comp 3 2024	Comp 4 2024	Comp 5 2023	Budget - Retail Lot 1	IRR Proj - Retail Lot 1	IRR Proj - Retail Lot 2	IRR Proj - Retail Lot 3	IRR Proj - Retail Lot 4	IRR Proj - Retail Lot 5
Total	—	—	—	—	—	\$65,406	\$84,997	\$82,266	\$91,820	\$82,167	\$81,183
% of EGI	17.6%	12.1%	5.5%	11.9%	11.7%	9.6%	12.2%	12.2%	12.2%	12.2%	9.4%
\$/SF	\$5.62	\$5.77	\$3.30	\$4.26	\$4.90	\$4.25	\$5.53	\$5.53	\$5.53	\$5.53	\$5.53

Insurance

Insurance expense includes property and casualty insurance for the subject. Our projection is consistent with the subject's budget and comparable data.

Insurance Expense											
	Comp 1 2024	Comp 2 2024	Comp 3 2024	Comp 4 2024	Comp 5 2023	Budget - Retail Lot 1	IRR Proj - Retail Lot 1	IRR Proj - Retail Lot 2	IRR Proj - Retail Lot 3	IRR Proj - Retail Lot 4	IRR Proj - Retail Lot 5
Total	—	—	—	—	—	\$29,086	\$29,211	\$28,272	\$31,555	\$28,238	\$27,900
% of EGI	2.2%	1.7%	3.7%	4.1%	1.8%	4.3%	4.2%	4.2%	4.2%	4.2%	3.2%
\$/SF	\$0.70	\$0.82	\$2.25	\$1.47	\$0.77	\$1.89	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90

Common Area Maintenance

This category includes expenditures for building and parking lot maintenance, common area utilities, trash removal, landscaping maintenance, and security, if applicable. Our projection is consistent with the subject's budget and comparable data.

Common Area Maintenance Expense											
	Comp 1 2024	Comp 2 2024	Comp 3 2024	Comp 4 2024	Comp 5 2023	Budget - Retail Lot 1	IRR Proj - Retail Lot 1	IRR Proj - Retail Lot 2	IRR Proj - Retail Lot 3	IRR Proj - Retail Lot 4	IRR Proj - Retail Lot 5
Total	—	—	—	—	—	\$46,169	\$46,122	\$44,640	\$49,824	\$44,586	\$44,052
% of EGI	5.2%	10.0%	6.6%	4.0%	12.6%	6.8%	6.6%	6.6%	6.6%	6.6%	5.1%
\$/SF	\$1.65	\$4.81	\$3.95	\$1.41	\$5.27	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00

General/Administrative

General and administrative expenses consist of payroll and benefits expenses for on-site management staff and related office expenses. Also included are legal, accounting and other professional fees, license fees, and business taxes. The subject's budget did not provide an estimate of general/administrative costs. These costs, if any, are considered to be part of management and we do not estimate general/admin costs in our analysis.

Management

Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner. Typical management fees for properties of this type range from 2.0% to 4.0%. Considering that the subject is a multi-tenant property with typical management needs, we project an overall management fee of 3.0% of effective gross income.

Management Expense											
	Comp 1 2024	Comp 2 2024	Comp 3 2024	Comp 4 2024	Comp 5 2023	Budget - Retail Lot 1	IRR Proj - Retail Lot 1	IRR Proj - Retail Lot 2	IRR Proj - Retail Lot 3	IRR Proj - Retail Lot 4	IRR Proj - Retail Lot 5
Total	—	—	—	—	—	\$20,367	\$20,940	\$20,267	\$22,621	\$20,243	\$25,985
% of EGI	2.4%	4.0%	1.2%	2.4%	0.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
\$/SF	\$0.77	\$1.92	\$0.74	\$0.85	\$0.27	\$1.32	\$1.36	\$1.36	\$1.36	\$1.36	\$1.77

Replacement Reserves

For the subject property type and local market, it is customary to include replacement reserves as an expense line item in developing an estimate of net operating income. Replacement reserves are estimated to account for replacement costs of certain capital items, such as the roof and HVAC system. Given the subject represents proposed construction, we do not account for replacement reserves in our analysis.

Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is estimated as shown in the following table.

Projection of Net Operating Income											
		IRR Proj - Lot 1		IRR Proj - Lot 2		IRR Proj - Lot 3		IRR Proj - Lot 4		IRR Proj - Lot 5	
		Annual	\$/SF Bldg.	Annual	\$/SF Bldg.	Annual	\$/SF Bldg.	Annual	\$/SF Bldg.	Annual	\$/SF Bldg.
Income											
Potential Gross Rent		\$553,464	\$36.00	\$535,680	\$36.00	\$597,888	\$36.00	\$535,032	\$36.00	\$732,624	\$49.89
Expense Reimbursements		\$181,270	\$11.79	\$175,445	\$11.79	\$195,820	\$11.79	\$175,233	\$11.79	\$179,119	\$12.20
Potential Gross Income		\$734,734	\$47.79	\$711,125	\$47.79	\$793,708	\$47.79	\$710,265	\$47.79	\$911,743	\$62.09
Vacancy & Collection Loss	5.00%	-\$36,737	-\$2.39	-\$35,556	-\$2.39	-\$39,685	-\$2.39	-\$35,513	-\$2.39	-\$45,587	-\$3.10
Effective Gross Income		\$697,997	\$45.40	\$675,569	\$45.40	\$754,022	\$45.40	\$674,752	\$45.40	\$866,156	\$58.99
Expenses											
Real Estate Taxes		\$84,997	\$5.53	\$82,266	\$5.53	\$91,820	\$5.53	\$82,167	\$5.53	\$81,183	\$5.53
Insurance		\$29,211	\$1.90	\$28,272	\$1.90	\$31,555	\$1.90	\$28,238	\$1.90	\$27,900	\$1.90
Common Area Maintenance		\$46,122	\$3.00	\$44,640	\$3.00	\$49,824	\$3.00	\$44,586	\$3.00	\$44,052	\$3.00
Management	3.00%	\$20,940	\$1.36	\$20,267	\$1.36	\$22,621	\$1.36	\$20,243	\$1.36	\$25,985	\$1.77
Total Expenses		\$181,270	\$11.79	\$175,445	\$11.79	\$195,820	\$11.79	\$175,233	\$11.79	\$179,119	\$12.20
Net Operating Income		\$516,727	\$33.61	\$500,124	\$33.61	\$558,203	\$33.61	\$499,519	\$33.61	\$687,037	\$46.79

Capitalization Rate Selection

A capitalization rate is used to convert a single year's estimated net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables							
No.	Property Name	Year Built	Sale Date	Gross Leasable Area	% Occup.	Price/SF	Cap Rate
1	R/C - Katy Green	2017	11/14/2023	15,176	100%	\$528.80	6.75%
2	Citadel Retail Center	2022	10/10/2023	6,500	100%	\$543.21	6.00%
3	Woodson's Reserve	2022	9/26/2023	9,875	100%	\$531.65	6.00%
4	Plazas at Spring Green	2022	7/18/2023	6,000	100%	\$548.37	5.81%
5	R/C - Reading Rd	2021	1/5/2022	16,270	100%	\$540.93	5.75%
Indicated Cap Rate Range:						5.75% - 6.75%	
Average (Mean) Cap Rate:						6.06%	

The sales comparables represent newly built multitenant shopping center properties that were 100% leased at time of sale. The sales yield a relatively narrow capitalization rate range of 5.75% - 6.75%, with an average of 6.06%. Current market sentiment is that capitalization rates have risen over the last 12-18 months with the rise in interest rates and tighter lending requirements. Based on the preceding, a capitalization rate slightly above the middle of the range could be expected, say 6.25%.

National Investor Surveys

Data pertaining to investment grade properties from the PwC, ACLI, and Viewpoint surveys are summarized in the exhibits that follow.

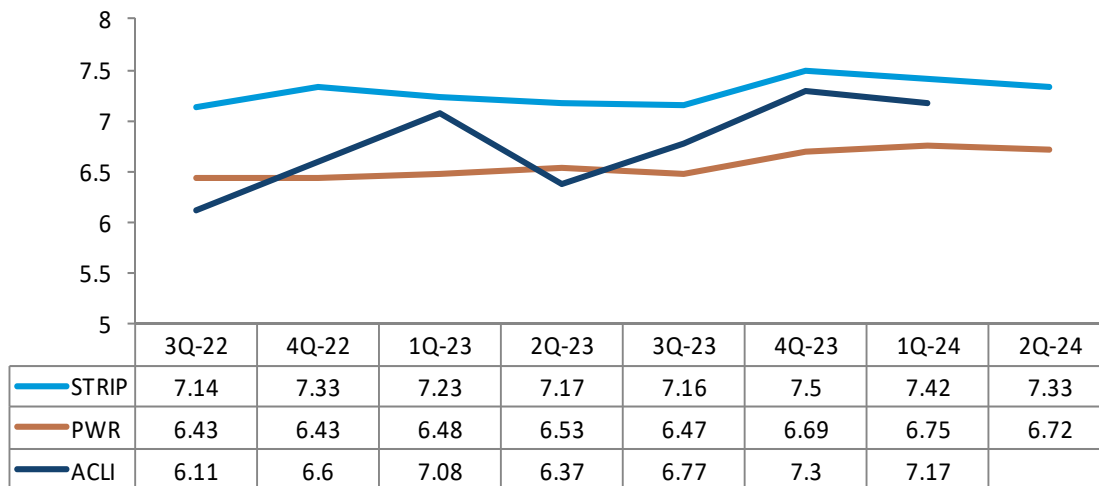
Capitalization Rate Surveys – Retail Properties

	IRR-ViewPoint Natl Regional Mall	IRR-ViewPoint Natl Neighborhood Retail	IRR-ViewPoint Natl Community Retail Center	PwC 2Q-24 National Strip Shopping Center	PwC 2Q-24 National Power Center	ACLI 1Q-24 National Retail
Range	6.25% - 10.00%	5.20% - 9.00%	5.50% - 8.75%	5.50% - 10.00%	5.50% - 7.75%	NA
Average	7.81%	7.23%	7.23%	7.33%	6.72%	7.17%

Source: IRR-Viewpoint 2024; PwC Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

The most recent national survey data indicates that a going-in capitalization rate for the national strip shopping center property type ranges from 5.50% - 10.00%, and averages 7.33%. This represents a 9-basis point decrease from the previous quarter and a 16-basis point increase from the prior year. We would expect the rate appropriate to the subject to be towards the lower end of the range given the proposed construction, quality, and location within a mixed-use development.

Retail Capitalization Rate Trends



STRIP - PwC Real Estate Investor Survey - National Strip Shopping Center Market

PWR - PwC Real Estate Investor Survey - National Power Center Market

ACLI - American Council of Life Insurers Investment Bulletin - Retail Properties

Capitalization Rate Conclusion

To conclude a capitalization rate, the following investment risk factors are considered to determine an impact on the appropriate rate. The direction of each arrow in the following table indicates a judgment of an upward, downward, or neutral impact of each factor.

Capitalization Rate Risk Factors

Factor	Issues	Impact on Rate
Income Characteristics	Rollover risk, escalation pattern, above/below market rents, major tenant credit strength	↔
Competitive Market Position	Construction quality, market appeal, age/condition, functional utility	↓
Location	Market area demographics and life cycle trends; proximity issues; access and support services	↔
Market	Vacancy rates and trends; rental rate trends; supply and demand	↓
Highest and Best Use	Upside potential from redevelopment, adaptation, and/or expansion	↔
Overall Impact		↔

Accordingly, the capitalization rate is concluded as follows:

Capitalization Rate Conclusion

Method	Capitalization Rate Indication
Analysis of Comparable Sales	5.75% - 6.75% (6.06% avg)
National Investor Surveys	5.50% - 10.00% (7.33% avg)
Conclusion	6.25%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the individual Retail Buildings. Valuation of the subject by direct capitalization is shown in the table immediately following.

Direct Capitalization

	IRR Projection - Retail Lot 1	IRR Projection - Retail Lot 2	IRR Projection - Retail Lot 3	IRR Projection - Retail Lot 4	IRR Projection - Retail Lot 5
Effective Gross Income	\$697,997	\$675,569	\$754,022	\$674,752	\$866,156
Expenses	\$181,270	\$175,445	\$195,820	\$175,233	\$179,119
Net Operating Income	\$516,727	\$500,124	\$558,203	\$499,519	\$687,037
Capitalization Rate	6.25%	6.25%	6.25%	6.25%	6.25%
Indicated Value	\$8,267,637	\$8,001,980	\$8,931,242	\$7,992,300	\$10,992,590
Rounded	\$8,270,000	\$8,000,000	\$8,930,000	\$7,990,000	\$10,990,000

Reconciliation and Conclusion of Value

As discussed previously, only the sales comparison approach is used to develop an opinion of value for the subject's 12 lots while both the sales comparison approach and income approaches are considered applicable were utilized for the five proposed buildings. The retail values indicated by the preceding analyses are as follows:

Summary of Value Indications					
	Prospective Market Value As Stabilized - Retail Lot 1	Prospective Market Value As Stabilized - Retail Lot 2	Prospective Market Value As Stabilized - Retail Lot 3	Prospective Market Value As Stabilized - Retail Lot 4	Prospective Market Value As Stabilized - Retail Lot 5
Cost Approach	Not Used	Not Used	Not Used	Not Used	Not Used
Sales Comparison Approach	\$8,380,000	\$8,130,000	\$9,010,000	\$8,120,000	\$10,430,000
Income Capitalization Approach	\$8,270,000	\$8,000,000	\$8,930,000	\$7,990,000	\$10,990,000
Reconciled	\$8,330,000	\$8,070,000	\$8,970,000	\$8,060,000	\$10,710,000

Based upon the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, the opinions of value are presented as follows:

Value Conclusions			
Parcel/Building Name	Interest Appraised	Date of Value	Value Conclusion
Lot 1	Fee Simple	July 5, 2024	\$1,450,000
Lot 2	Fee Simple	July 5, 2024	\$1,280,000
Lot 3	Fee Simple	July 5, 2024	\$1,440,000
Lot 4	Fee Simple	July 5, 2024	\$1,390,000
Lot 5	Fee Simple	July 5, 2024	\$1,270,000
Lot 6	Fee Simple	May 31, 2025	\$3,050,000
Lot 7	Fee Simple	May 31, 2025	\$2,720,000
Lot 8	Fee Simple	May 31, 2025	\$2,090,000
Lot 9	Fee Simple	May 31, 2025	\$3,080,000
Lot 10	Fee Simple	May 31, 2025	\$2,890,000
Lot 11	Fee Simple	May 31, 2025	\$1,240,000
Lot 12	Fee Simple	May 31, 2025	\$16,020,000
Building 1	Leased Fee	May 31, 2025	\$8,330,000
Building 2	Leased Fee	May 31, 2025	\$8,070,000
Building 3	Leased Fee	May 31, 2025	\$8,970,000
Building 4	Leased Fee	May 31, 2025	\$8,060,000
Building 5	Leased Fee	May 31, 2025	\$10,710,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, building sizes, building quality, dates of completion and other pertinent data that was provided by Boundary One (surveyors), WGA (Consulting Engineers), Madison Development Corporation, LLC (developer/owner), the city of Friendswood, and the Harris Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 31, 2025, the effective appraisal date.
4. It is noted that portions of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process.
5. Our opinion of prospective market value at completion assumes that the proposed improvements will be complete and stabilized as of May 31, 2025, the effective appraisal date.
6. Our opinion of prospective market value at completion assumes that all Phase 1 infrastructure will be complete in accordance with plans and specifications as of May 31, 2025, while Phase 2 infrastructure will be complete in accordance with plans and specifications as of October 31, 2026.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from the stated estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, these opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, the assignment participants are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on review of recent sales transactions for similar properties and analysis of supply and demand in the local land and proposed retail buildings market, the probable exposure time for the subject at the concluded market values stated previously is 9 - 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As no significant changes in market conditions are foreseen in the near term, a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, the subject's marketing period is estimated at 9 - 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Ernest Gatewood has made a personal inspection of the property that is the subject of this report. Jimmy H. Jackson, MAI has not personally inspected the subject. Stephen M. Lechtenberg has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

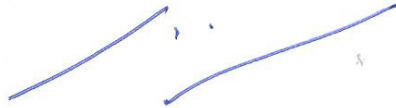
14. As of the date of this report, Jimmy H. Jackson, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.
15. As of the date of this report, Ernest Gatewood and Stephen M. Lechtenberg has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



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Jimmy H. Jackson, MAI
Senior Managing Director
Texas Certified General Real Estate Appraiser
License TX #1324004 G
Telephone: 972.725.7724
Email: jhackson@irr.com



Ernest Gatewood
Senior Director
Texas Certified General Real Estate Appraiser
License TX #1324355 G
Telephone: 972.725.7755
Email: egatewood@irr.com

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Dallas, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. **IRR - Dallas is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Dallas. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Dallas is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, building sizes, building quality, dates of completion and other pertinent data that was provided by Boundary One (surveyors), WGA (Consulting Engineers), Madison Development Corporation, LLC (developer/owner), the city of Friendswood, and the Harris Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
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The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Jimmy H. Jackson, MAI

Experience

Senior Managing Director with the Dallas, Lubbock/West Texas and Oklahoma City offices of Integra Realty Resources, a full-service real estate consulting and appraisal firm.

Jimmy H. Jackson, MAI has over 38 years of experience as a commercial appraiser as well as years of experience as a seasoned real estate investor. Prior to joining Integra Realty Resources, Jackson was one of the original two founding partners of Jackson Claborn, Inc. (JCI), a real estate consulting/valuation firm that was established in 1992. JCI grew to have one of the largest staffs of commercial and residential appraisers in the Southwest and has performed valuation and consulting on a vast number of commercial property types across Texas as well as the United States. Mr. Jackson holds the MAI designation and has been involved in the analysis of virtually all types of commercial and residential properties. Mr. Jackson has experience in state and federal courts as an expert witness. Testimony has involved such varied issues as bankruptcy, taxation and condemnation. Mr. Jackson has also been involved in numerous real estate developments and personal real estate investments.

A major philanthropic achievement for Mr. Jackson was consulting with and influencing family members to provide the start-up expertise as well as the seed funding in 1994 for the formation of The Parent Project for Muscular Dystrophy/PPMD (www.parentprojectmd.org). The PPMD organization has developed into a worldwide non-profit centered to provide research funds for children suffering from Duchenne Muscular Dystrophy. Since inception, the PPMD organization has directly funded more than \$50 million in direct research and assisted and helped leverage more than \$500 million of other research related to other genetic diseases through government grants and other private funding sources. In 2008, Mr. Jackson received a Humanitarian Award from Texas Gov. Rick Perry for charitable work associated with National Jewish Hospital/NJH in Denver. Mr. Jackson currently serves as a national trustee for NJH which is the #1 respiratory care hospital in the world.

Mr. Jackson graduated from Texas Tech University in 1984 with a B.B.A. in Finance with a Real Estate Emphasis. Mr. Jackson has served on numerous professional boards, including serving on the Ethics and Counseling Panel of the North Texas Chapter of the Appraisal Institute as well as serving on the Board of Directors as well as being Chair and Co-Chair of the Public Relations Committee.

As a college student, Mr. Jackson was a member of Phi Delta Theta social fraternity and the Texas Tech Finance Association. Mr. Jackson served for eight (8) years on the Advisory Board for the Jerry Rawls College of Business Administration (COBA) at Texas Tech University. Mr. Jackson has also served as a guest lecturer on real estate entrepreneurship to upper-level COBA students at Texas Tech over the years.

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Friendswood City Center Public Improvement District



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Integra Realty Resources - Oklahoma

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Suite A1
Oklahoma City, OK, 73134

T 405.422.0718

irr.com



Jimmy H. Jackson, MAI

Experience (Cont'd)

Basic Core Real Estate Appraisal Services

Feasibility Studies, Absorption Studies & Demographic Studies
Highest & Best Use Studies for All Property Types
3rd Party Appraisal Reviews
Detrimental Conditions Valuation & Consulting
Encroachment Analysis
Land Use Studies & Planning/Zoning Studies
Litigation/Litigation Support
In-Depth Market Analysis for All Property Types
Tax Assessment & Mass Appraisal Analysis
Fair & Equitable Appraisal Analysis
Right of Way Analysis Appraisals
Mediation, Arbitration, & Dispute Resolution
Portfolio Valuation & Analysis
Retrospective Valuation Opinions

Appraisal of all property types including the following:

Residential

High-Rise Condominium and Garden-Style Multi-Family and Townhome Projects
High-End Residential Property
Historical Residential Property
All types of Single-Family Appraisals (Conventional, Relocation, Unique / Historical Property)

Land

Acreage (Commercial Mixed-Use)
Subdivided Land (Mixed-Use, Commercial and Industrial)
Standard Single-Family Subdivision Lot development appraisals
PID/MUD Single-Family Subdivision Lot development appraisals

Commercial, Office & Retail

Branch Banks / Financial Building
Convenience Stores / Service Stations
Convention Center / Hotel / Resort /Motel
Office Building (High Rise, over three stories)
Office Building (Low Rise, three stories or less)
Parking Facility (Lot or Garage)
Retail (Single Tenant or Free Standing)
Shopping Center (Local, Strip, Neighborhood, Community, Etc.)
Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.)
Shopping Center (Super Regional, Regional Mall)

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Friendswood City Center Public Improvement District

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Jimmy H. Jackson, MAI

Experience (Cont'd)

Industrial

Industrial (Heavy (Manufacturing)
Industrial (Small Office Warehouse / Mfg.)
Industrial Light (Distribution, Storage)

Special Purpose

Automobile Dealerships
Church Facilities
Collegiate Student Housing
Self-Serve and Full-Service Car Wash Facilities
Self-Storage Facilities

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324004 G, Expires November 2024
Oklahoma, Certified General Real Estate Appraiser, 13279CGA, Expires September 2026
New Mexico, Certified General Real Estate Appraiser, 03819-G, Expires April 2025

Education

Mr. Jackson is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance with a Real Estate Emphasis.

Miscellaneous

Member of Region 8 Ethics and Counseling Regional Panel (1992-1995)
Chair - Public Relations North Texas Chapter (2003, 2004)
Co-Chair - Public Relations North Texas Chapter (2005)
Board Member - North Texas Chapter (2005-2007)

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Friendswood City Center Public Improvement District





Ernest Gatewood

Experience

Senior Director PID/MUD/SF Lot Development Valuation Specialist with the Dallas office of Integra Realty Resources DFW, a full-service real estate consulting and appraisal firm.

Mr. Gatewood has been in the appraisal field for over 40 years. This extensive experience has formed knowledge of the Texas real estate market as well as select areas throughout the entire United States. This experience has formed an understanding of the dynamics of market forces in both increasing, as well as declining markets. Mr. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Mr. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, Texas as well as Stonebridge Ranch in McKinney, Texas. In 1991, Mr. Gatewood joined Heartland (Seattle, Washington) as Acquisitions Director for Texas. In this role, Mr. Gatewood was key to the development of several single-family subdivisions, a property type which he still specializes into this day. From 1992 until 2017, Mr. Gatewood represented Jackson Claborn, Inc. as the Vice President of the Commercial Division where he has helped manage the production of the commercial appraisal practice which has enhanced JCI's strong commitment to client services.

Mr. Gatewood has experience in appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights of way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, convenience stores, and single-family subdivision analyses.

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324355 G, Expires December 2024
Texas, Licensed Real Estate Salesman, 277705, Expires December 2025

Education

Richland Junior College, Dallas, Texas
The University of North Texas, Denton, Texas

Miscellaneous

An affiliate of the Appraisal Institute



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Friendswood City Center Public Improvement District





Stephen M. Lechtenberg

Experience

Senior Director with the Dallas office of Integra Realty Resources DFW, a full-service real estate consulting and appraisal firm.

Mr. Lechtenberg has more than 12 years of appraisal experience beginning with American Appraisal Associates followed by Jackson Claborn, Inc. before joining Integra. He graduated from Texas Tech University in 2009 with a Bachelor of Business Administration in Finance.

He has experience appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights-of-way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, and convenience stores.

Licenses

Texas, Certified General Real Estate Appraiser, TX 1380354 G, Expires August 2024

Oklahoma, Certified General Real Estate Appraiser, 13416CGA, Expires July 2025

New Mexico, Certified General Real Estate Appraiser, REA23047-G, Expires April 2026

Education

Mr. Lechtenberg is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance (2009).

Appraisal Institute Courses:

Basic Appraisal Procedures and Procedures (2010)
General Appraiser Site Valuation & Cost Approach (2010)
General Appraiser Income Approach 1 & 2 (2011)
Business Practices and Ethics (2012)
General Appraiser Sales Comparison Approach (2012)
Real Estate Finance Statistics & Valuation Modeling (2013)
General Appraiser Report Writing and Case Studies (2014)
Overview of Real Estate Appraisal Principles (2014)
The Discounted Cash Flow Model: Concepts, Issues, and Apps (2014)
Rates and Ratios: Making Sense of GIMs, OARs, and DCF (2014)
Golf Course Property Valuation (2014)
Advanced Income Capitalization (2018)
Advanced Market Analysis & Highest and Best Use (2019)
Advanced Concepts & Case Studies (2022)

Other Appraisal Related Courses:

slechtenberg@irr.com - 972.725.7727



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Stephen M. Lechtenberg

Education (Cont'd)

USPAP

General Appraisal Market Analysis & Highest and Best Use (2013)

Commercial Appraisal Review Subject Matter Elective (2013)

Residential Site Valuation and Cost Approach (2013)

Statistics, Modeling and Finance (2014)

Appraisal of Land Subject to Ground Leases (2016)

Appraisal of Owner Occupied Commercial Buildings (2016)

The Sales Comparison Approach (2016)

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Certified General Real Estate Appraiser

Appraiser: **Stephen Michael Lechtenberg**

License #: **TX 1380354 G**

License Expires: **08/31/2024**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Commissioner

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com

Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analysis, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovation change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Definition of Aggregate of Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Sale

The sale of multiple parcels of real estate to one buyer in one transaction. A bulk sale may include dissimilar properties in different locations or a group of lots or units in the same project. Typically, the bulk sale price is less than the sum of the values of the individual parcels.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Development Procedure

In land valuation, a technique for valuing undeveloped acreage that involves discounting the cost of development and the probable proceeds from the sale of developed sites.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Subdivision Development Method

A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Allocation

1) The process of separating the contributory value of a component or part of an asset from the total value of the asset. 2) A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed."

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Extraction

1) A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land. 2) A method of deriving capitalization rates from property sales when sale price and net operating income are known.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Residual

The quantity left over; in appraising, a term used to describe the result of an appraisal procedure in which known components of value are accounted for, thus solving for the quantity that is left over, such as land residual or building residual.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Addendum D

Property Information

Tax Data

HARRIS CENTRAL APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
043215000190

Tax Year: 2024



Owner and Property Information								
Owner Name & Mailing Address: MADISON DEVELOPMENT CORP LLC F BELLAIRE TX 77401-				Legal Description: TR5 B 9 10 10A 11 14 & 15 ABST 5-49 S MCKISSICK 3001 E FM 528 RD FRIENDSWOOD TX 77546				
State Class Code	Land Use Code	Land Area	Total Living Area	Neighborhood	Neighborhood Group	Market Area	Map Facet	Key Map AB
A1 -- Real, Residential, Single-Family	2001 -- Residential Improved	4,172.263 SF	2,640 SF	3034	27001	410 -- ISD 27 - West of NAGA Parkway (I-45 Area)	5047B	657F

Value Status Information		
Value Status	Notice Date	Shared CAD
Noticed	04/19/2024	Yes

Exemptions and Jurisdictions						
Exemption Type	Districts	Jurisdictions	Exemption Value	APR Status	2023 Rate	2024 Rate
None	027	CLEAR CREEK ISD		Not Certified	0.974600	
	040	HARRIS COUNTY		Not Certified	0.350070	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.031050	
	042	PORT OF HOUSTON AUTH		Not Certified	0.005740	
	043	HARRIS CO HOSP DIST		Not Certified	0.143430	
	044	HARRIS CO EDUC DEPT		Not Certified	0.004800	
	058	CITY OF FRIENDSWOOD		Not Certified	0.500728	
	A43	TIR 2.1 CITY OF FRIENDSWOOD (058)		Not Certified		
Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at HCAD's information center at 13013 NW Freeway.						

Valuations			
Value as of January 1, 2023		Value as of January 1, 2024	
	Market	Appraised	Market
Land	629,669		625,840
Improvement	62,683		66,422
Total	692,352	692,262	692,262

Land										
Market Value Land										
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price
1	2001 -- Res Improved Override	AC6	AC	95.7820	1.00	1.00	1.00	--	1.00	6,534.00
										6,534.00
										625,840.00

Building						
Building	Year Built	Type	Style	Quality	Impr Sq Ft	Building Details
1	1970	Residential Single Family	Residential 1 Family	Average	1,600 *	Displayed
2	1970	Residential Single Family	Residential 1 Family	Average	1,040 *	View
* All HCAD residential building measurements are done from the exterior, with individual measurements rounded to the closest foot. This measurement includes all closet space, hallways, and interior staircases. Attached garages are not included in the square footage of living area, but valued separately. Living area above detached garages is included in the square footage living area of the dwelling. Living area above detached garages is not included in the square footage living area of the dwelling but is valued separately. This method is used on all residential properties in Harris County to ensure the uniformity of square footage of living area measurements district-wide. There can be a reasonable variance between the HCAD square footage and your square footage measurement, especially if your square footage measurement was an interior measurement or an exterior measurement to the inch.						

Building Data	
Element	Detail
Cond / Desir / USI	Unsound
Foundation Type	Slab
Grade Adjustment	C
Heating / AC	Central Heat/AC
Physical Condition	Unsound
Exterior Wall	Brick / Veneer
Element	Units
Room: Total	7
Room: Rec	1
Room: Full Bath	2
Room: Bedroom	3

Building Details (1)

Building Areas	
Description	Area
BASE AREA PRJ	1,600
OPEN FRAME PORCH PRJ	24
OPEN FRAME PORCH PRJ	320
WOOD DECK PRJ	210

Extra Features					
Line	Description	Quality	Condition	Units	Year Built
1	4 Side closed Metal Pole Barn	Poor	Unsound	840.00	1970
2	Carport - Residential	Poor	Unsound	420.00	1977
3	Canopy - Residential	Poor	Unsound	660.00	1977
4	Frame Utility Shed	Poor	Unsound	256.00	1977
5	Frame Utility Shed	Poor	Unsound	704.00	1977
6	Carport - Residential	Poor	Unsound	224.00	1970
7	Frame Utility Shed	Poor	Unsound	140.00	1970



HARRIS CENTRAL APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
1413970000001

Tax Year: 2024



Owner Name & Mailing Address:				Owner and Property Information						
MADISON DEVELOPMENT CORP LLC 5404 PINE ST BELLAIRE TX 77401-4707				Legal Description: RES A CLEAR CREEK COMMUNITY CHURCH OF FRIENDSWOOD						
				Property Address: 3680 FM 528 RD FRIENDSWOOD TX 77546						
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map
C2 -- Real, Vacant Commercial	8004 -- Land Neighborhood Section 4		0	131,551 SF	0	0	9930.02	410 -- ISD 27 - West of NASA Parkway (1-45 Area)	5847B	657F

Value Status		Notice Date		Shared CAD	
Noticed		04/19/2024		No	

Exemptions and Jurisdictions					
Exemption Type	Districts	Jurisdictions	Exemption Value	APR Status	2023 Rate
None	027	CLEAR CREEK ISD		Not Certified	0.974600
	040	HARRIS COUNTY		Not Certified	0.350070
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.031050
	043	PORT OF HOUSTON AUTH		Not Certified	0.005740
	043	HARRIS CO HOSP DIST		Not Certified	0.143430
	044	HARRIS CO EDUC DEPT		Not Certified	0.004800
	058	CITY OF FRIENDSWOOD		Not Certified	0.500728
	A43	TIRZ I CITY OF FRIENDSWOOD (058)		Not Certified	
Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at HCAD's information center at 13013 NW Freeway.					

Valuations			
Value as of January 1, 2023		Value as of January 1, 2024	
	Market		Appraised
Land	437,341	Land	437,341
Improvement	0	Improvement	0
Total	437,341	Total	437,341

Land										
Market Value Land										
Line	Description	Site Code	Unit Type	Units	Site Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price
1	8004 -- Land Neighborhood Section 4	4300	SF	101,930	1.00	1.00	1.00	--	1.00	4.00
2	8004 -- Land Neighborhood Section 4	4300	SF	29,621	1.00	1.00	0.25	Restr or Non-Conf	0.25	4.00
									1.00	

Building
Vacant (No Building Data)



HARRIS CENTRAL APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
1413970000003

Tax Year: 2024

[Print](#)

Owner Name & Mailing Address:				Owner and Property Information						
MADISON DEVELOPMENT CORP LLC 5404 PINE ST BELLAIRE TX 77401-4707				Legal Description: RES C (DETENTION/DRAINAGE) CLEAR CREEK COMMUNITY CHURCH OF FRIENDSWOOD Property Address: 0 FM 528 RD FRIENDSWOOD TX 77546						
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map A/B
C2 -- Real, vacant Commercial	8004 -- Land Neighborhood Section 4		0	334,105 SF	0	0	9930.02	410 -- ISD 27 - West of NASA Parkway (1-45 Area)	5847B	657F

Value Status Information		
Value Status	Notice Date	Shared CAD
Noted	04/19/2024	No

Exemptions and Jurisdictions						
Exemption Type	Districts	Jurisdictions	Exemption Value	ARB Status	2023 Rate	2024 Rate
None	027	CLEAR CREEK ISD		Not Certified	0.974600	
	040	HARRIS COUNTY		Not Certified	0.350070	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.031050	
	042	PORT OF HOUSTON AUTH		Not Certified	0.005740	
	043	HARRIS CO HOSP DIST		Not Certified	0.143430	
	044	HARRIS CO EDUC DEPT		Not Certified	0.004800	
	058	CITY OF FRIENDSWOOD		Not Certified	0.500728	
	A43	TIRZ 1 CITY OF FRIENDSWOOD (058)		Not Certified		
Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at HCAD's information center at 13013 NW Freeway.						

Valuations			
Value as of January 1, 2023		Value as of January 1, 2024	
Land	Market	Appraised	Market
	651,178		651,178
Improvement	0	Improvement	0
Total	651,178	Total	651,178

Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8004 -- Land Neighborhood Section 4	4300	SF	44,891	1.00	1.00	1.00	---	1.00	4.00	4.00	179,564.00
2	8004 -- Land Neighborhood Section 4	4300	SF	152,000	1.00	1.00	0.55	Floodway	0.55	4.00	2.20	334,400.00
3	8004 -- Land Neighborhood Section 4	4500	SF	137,214	1.00	0.25	1.00	Restr or Non-Conf	0.25	4.00	1.00	137,214.00

Building
Vacant (No Building Data)

Legal Description (s)

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 106.472 acres (4,637,900 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being all of a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. RP-2023-65754; said 106.472 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 0941'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, at 90.40 feet passing a 5/8-inch iron rod found marking the northeast corner of said Restricted Reserve "A", continuing in all for a total distance of 1,772.42 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of a called 28.9270 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598260; said iron rod for the northeast corner of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line, at 1,289.36 feet passing a 5/8-inch iron rod found marking the westerly common corner of said 28.9270 acre tract and a called 10.0000 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598262, continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found on the northwesterly R.O.W. line of a Harris County Flood Control District drainage easement (150 feet wide) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682; said iron rod for the southeast corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

North $21^{\circ}17'29''$ West, a distance of 80.86 feet to an angle point;

North $04^{\circ}22'12''$ West, a distance of 216.80 feet to an angle point;

North $32^{\circ}41'57''$ West, a distance of 184.39 feet to an angle point;

North $51^{\circ}06'03''$ West, a distance of 159.93 feet to an angle point;

North $74^{\circ}03'08''$ West, a distance of 164.71 feet to an angle point;

South $48^{\circ}02'49''$ West, a distance of 44.69 feet to an angle point;

North $73^{\circ}53'13''$ West, a distance of 47.50 feet to an angle point;

South $49^{\circ}24'27''$ West, a distance of 89.87 feet to an angle point;

North $75^{\circ}14'40''$ West, a distance of 40.66 feet to an angle point;

South $43^{\circ}53'50''$ West, a distance of 146.10 feet to an angle point;

South $25^{\circ}05'22''$ West, a distance of 134.50 feet to an angle point;

South $83^{\circ}33'17''$ West, a distance of 49.30 feet to an angle point;

South $21^{\circ}22'27''$ West, a distance of 73.69 feet to an angle point;

North $77^{\circ}09'16''$ West, a distance of 62.96 feet to an angle point;

3 South 59°48'42" West, a distance of 48.72 feet to an angle point;
 North 76°29'09" West, a distance of 56.65 feet to an angle point;
 North 88°56'38" West, a distance of 120.31 feet to an angle point;
 North 78°01'47" West, a distance of 221.29 feet to an angle point;
 North 67°13'30" West, a distance of 112.00 feet to an angle point;
 North 50°46'11" West, a distance of 258.04 feet to an angle point;
 North 16°00'41" West, a distance of 99.00 feet to an angle point;
 North 05°32'33" West, a distance of 60.42 feet to an angle point;
 North 23°27'30" East, a distance of 67.18 feet to an angle point;
 North 39°20'14" East, a distance of 42.52 feet to an angle point;
 North 59°56'00" East, a distance of 35.59 feet to an angle point;
 South 84°03'09" East, a distance of 25.53 feet to an angle point;
 South 63°21'49" East, a distance of 25.66 feet to an angle point;
 North 23°23'59" East, a distance of 84.42 feet to an angle point;
 North 27°29'30" East, a distance of 63.48 feet to an angle point;
 North 19°02'35" East, a distance of 103.93 feet to an angle point;
 North 14°38'12" East, a distance of 53.72 feet to an angle point;
 North 13°22'21" West, a distance of 9.00 feet to an angle point;



North 15°04'35" East, a distance of 70.83 feet to an angle point;

North 31°32'46" West, a distance of 52.49 feet to an angle point;

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 106.472 acres (4,637,900 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Addendum E

Comparable Data

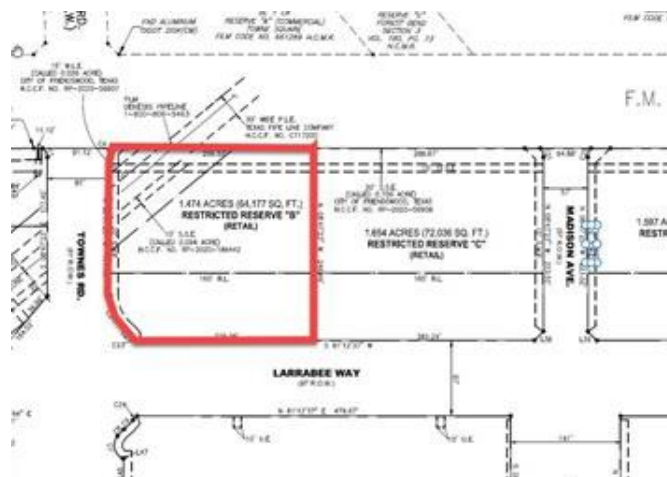
Land Sales - Lot 1

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528

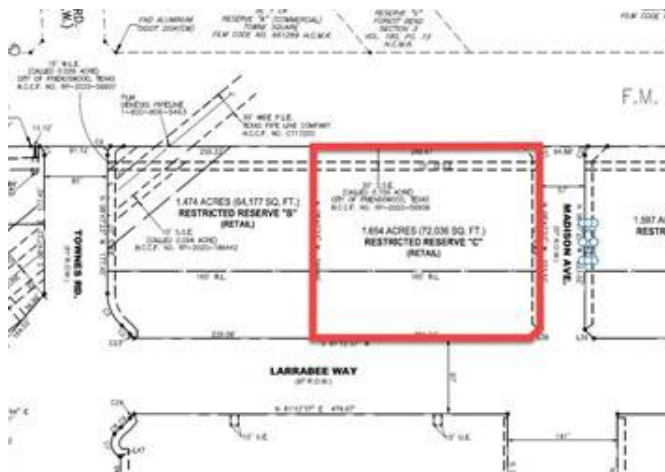


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court. The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot

Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban

IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



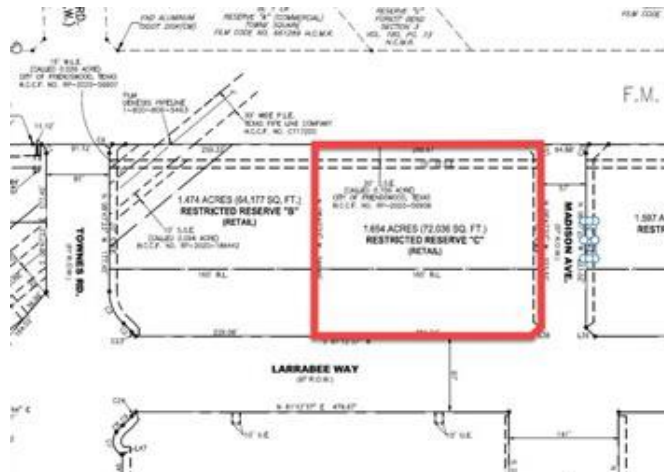
Land Sales - Lot 2

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention. Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sales - Lot 3

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528

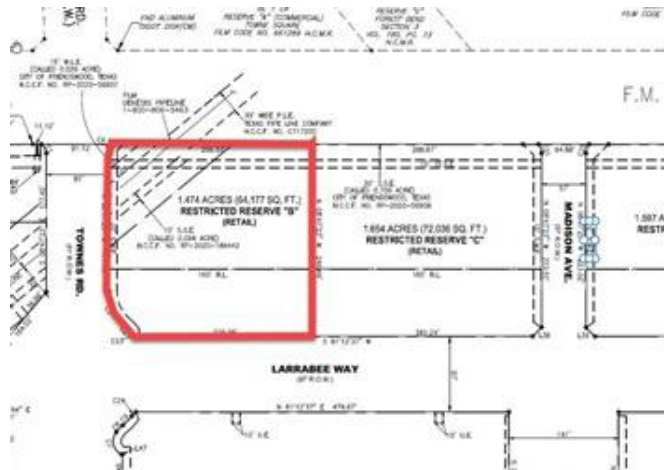


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



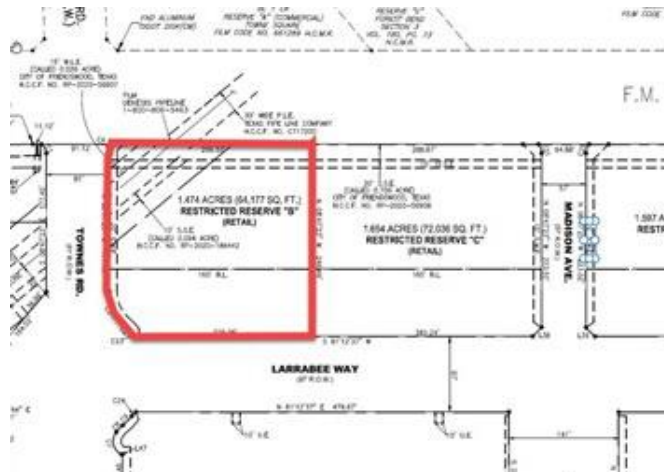
Land Sales - Lot 4

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528

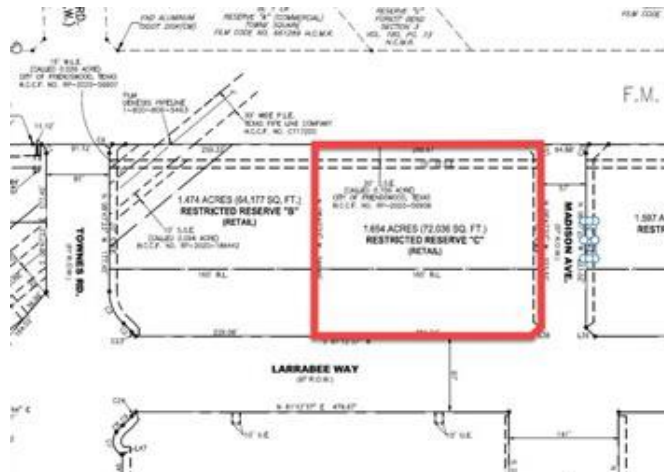


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Location & Property Identification

Property Name:	Land - FM 528
Sub-Property Type:	Commercial, Retail
Address:	Southwest corner of FM 528 and Townes Road
City/State/Zip:	Friendswood, TX 77546
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
IRR Event ID:	3257388



Sale Information

Sale Price:	\$1,445,320
Effective Sale Price:	\$1,445,320
Sale Date:	07/15/2024
Sale Status:	Closed
\$/Acre(Gross):	\$871,200
\$/Land SF(Gross):	\$20.00
\$/Acre(Usable):	\$871,200
\$/Land SF(Usable):	\$20.00
Grantor/Seller:	Maddison Development Corp., LLC
Grantee/Buyer:	Lone Star Campus R1, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	RP-2024-252299
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Closing Statements
Verification Type:	Confirmed-Seller

Usable/Gross Ratio:	1.00
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	2 way, 3 lanes each way
Zoning Code:	PUD (Planned Unit Development)
Zoning Desc.:	Commercial
Flood Plain:	No
Utilities:	Water Public, Sewer
Utilities Desc.:	All Available
Source of Land Info.:	Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID:	Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross):	1.66/1.66
Land-SF(Usable/Gross):	72,266/72,266



Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention. Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



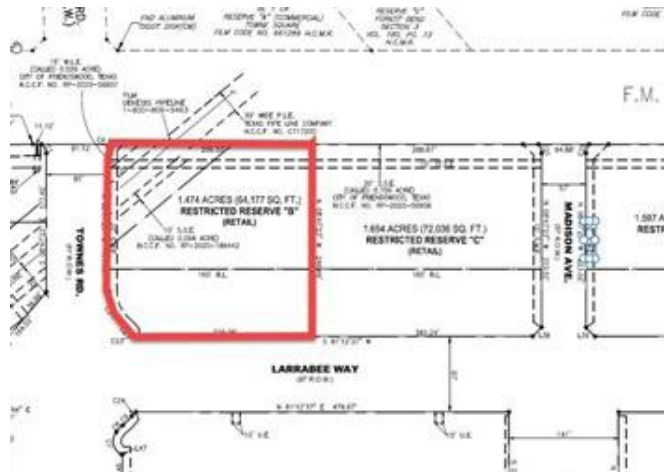
Land Sales - Lot 5

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528

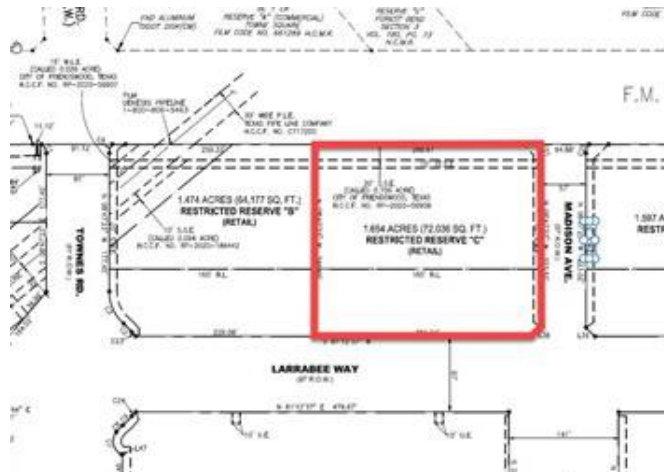


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention. Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



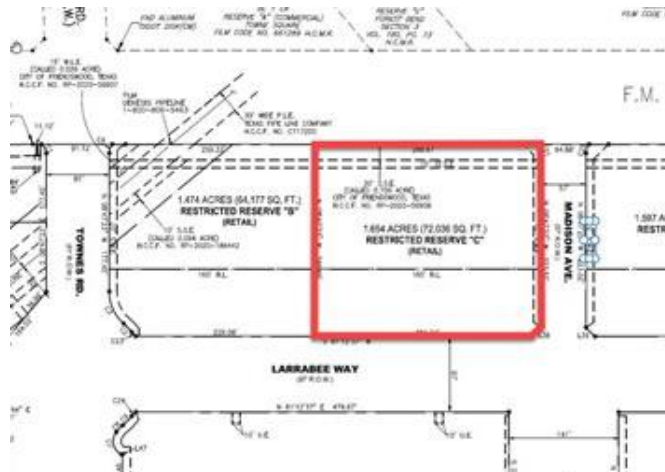
Land Sales - Lot 6

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court. The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: 14.95 Ac Hwy 288
Sub-Property Type: Residential, Multifamily Land
Address: East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue
City/State/Zip: Houston, TX 77049
County: Harris
Submarket: Northeast/East
Market Orientation: Suburban

IRR Event ID: 3024382



Sale Information

Sale Price: \$12,369,893
Effective Sale Price: \$12,369,893
Sale Date: 08/25/2022
Sale Status: Closed
\$/Acre(Gross): \$827,639
\$/Land SF(Gross): \$19.00
\$/Acre(Usable): \$1,001,935
\$/Land SF(Usable): \$23.00
Grantor/Seller: Quasar City Park Ltd.
Grantee/Buyer: City of Houston
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2022-434140
Verified By: David M. English
Verification Date: 07/07/2023
Confirmation Source: Urban Meridian - Flor Gonzales
Verification Type: Confirmed-Buyer Broker

Improvement and Site Data

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: Tr 10B-1, D. White Survey, A-886 / Tax #0451900000696

Acres(Usable/Gross): 12.35/14.95
Land-SF(Usable/Gross): 537,792/651,048
Usable/Gross Ratio: 0.83
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Desc.: 1302' - Hwy 288
1327' - Cityscape Ave
Frontage Type: 2 way, 1 lane each way
Zoning Code: None
Zoning Desc.: N/A
Flood Plain: Yes
Flood Zone: 3% within 100-year; 35% within 500-year
Flood Zone Designation: X (Shaded)
Utilities: Water Public, Sewer
Utilities Desc.: HC MUD 390
Source of Land Info.: Engineering Report

Comments

Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.

14.95 Ac Hwy 288



Comments (Cont'd)

Site includes approximately 2.6 acres of pipeline easements that bisects the southern portion of the site. This easement divides the site into an approximate 9.65 acre tract located to the north of the easement, and an approximate 2.7 acre tract located to the south of the easement.

Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: Waterfront Land - NASA Pkwy

Sub-Property Type: Commercial, Hotel

Address: West side of NASA Parkway at
Repsdorph Road

City/State/Zip: Seabrook, TX 77586

County: Harris

Submarket: Baybrook/Clear Lake

Market Orientation: Suburban



IRR Event ID: 2824096

Sale Information

Sale Price: \$12,700,000

Effective Sale Price: \$12,700,000

Sale Date: 08/02/2022

Contract Date: 06/09/2022

Sale Status: Closed

\$/Acre(Gross): \$1,237,238

\$/Land SF(Gross): \$28.40

\$/Acre(Usable): \$1,237,238

\$/Land SF(Usable): \$28.40

Grantor/Seller: Endeavour Lofts Clear Lake
L.P.; Endeavour Marina Clear
Lake L.P., & Lamrock 3/2001
L.P.

Grantee/Buyer: Marinemax, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Document Type: Warranty Deed

Recording No.: RP-2022-394291

Verified By: David M. English

Verification Date: 06/01/2022

Confirmation Source: Viewed PSA

Verification Type: Confirmed-Buyer

MSA: Houston-The
Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: 041-008-004-0040,
041-008-004-0050,
041-008-004-0082,
123-082-001-0001 and
123-082-001-0002

Acres(Usable/Gross): 10.26/10.26

Land-SF(Usable/Gross): 447,133/447,133

Usable/Gross Ratio: 1.00

Shape: Rectangular

Topography: Gently Sloping

Corner Lot: No

Frontage Feet: 890

Frontage Desc.: NASA Parkway

Frontage Type: 2 way, 3 lanes each way

Zoning Code: WAD

Zoning Desc.: Waterfront Activity District

Flood Plain: Yes

Flood Zone: 13% within Coastal Flood
Zone (VE), remainder in 1
VE

Flood Zone Designation: VE

Comm. Panel No.: 48201C1095M

Date: 01/06/2017

Utilities: Water Public, Sewer

Utilities Desc.: All available

Source of Land Info.: Engineering Report

Improvement and Site Data

Waterfront Land - NASA Pkwy



Comments

The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.

Property consists of two tracts separated by Repsdorph future ROW.

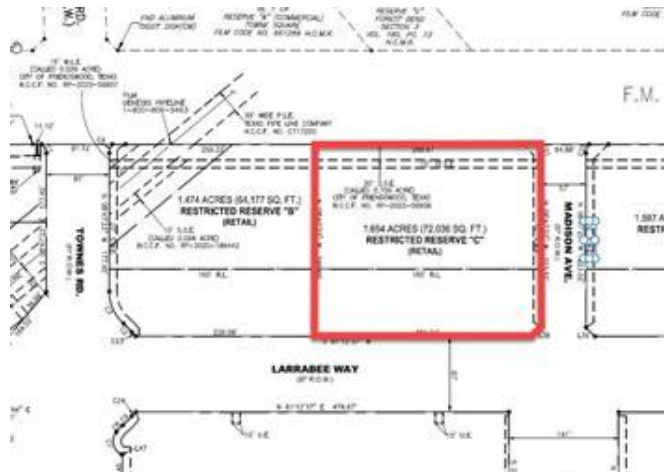
Land Sales - Lot 7

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court. The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot

Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban

IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Location & Property Identification

Property Name: Land - Orchard St.
 Sub-Property Type: Commercial, Office
 Address: South side of Orchard Street,
 east of Texas Avenue
 City/State/Zip: Webster, TX 77598
 County: Harris
 Submarket: Baybrook/Clear Lake
 Market Orientation: Suburban
 IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
 Effective Sale Price: \$784,080
 Sale Date: 10/03/2022
 Sale Status: Closed
 \$/Acre(Gross): \$784,080
 \$/Land SF(Gross): \$18.00
 \$/Acre(Usable): \$784,080
 \$/Land SF(Usable): \$18.00
 Grantor/Seller: Bhupendra Turakhia and
 Mushtaq Husain Azad and
 Manik Husan
 Grantee/Buyer: Anjuash, LLC
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: RP-2022-495804 &
 RP-2022-495843
 Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
 Usable/Gross Ratio: 1.00
 Shape: Rectangular
 Topography: Level
 Corner Lot: No
 Frontage Type: 2 way, 2 lanes each way
 Zoning Code: C3
 Zoning Desc.: Third Commercial District
 Flood Plain: No
 Utilities: Water Public, Sewer
 Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
 Woodlands-Sugar Land, TX
 Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
 Subdivision / Tax
 #1428280010001
 Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: 14.95 Ac Hwy 288
Sub-Property Type: Residential, Multifamily Land
Address: East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue
City/State/Zip: Houston, TX 77049
County: Harris
Submarket: Northeast/East
Market Orientation: Suburban

IRR Event ID: 3024382



Sale Information

Sale Price: \$12,369,893
Effective Sale Price: \$12,369,893
Sale Date: 08/25/2022
Sale Status: Closed
\$/Acre(Gross): \$827,639
\$/Land SF(Gross): \$19.00
\$/Acre(Usable): \$1,001,935
\$/Land SF(Usable): \$23.00
Grantor/Seller: Quasar City Park Ltd.
Grantee/Buyer: City of Houston
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2022-434140
Verified By: David M. English
Verification Date: 07/07/2023
Confirmation Source: Urban Meridian - Flor Gonzales
Verification Type: Confirmed-Buyer Broker

Improvement and Site Data

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: Tr 10B-1, D. White Survey, A-886 / Tax #0451900000696

Acres(Usable/Gross): 12.35/14.95
Land-SF(Usable/Gross): 537,792/651,048
Usable/Gross Ratio: 0.83
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Desc.: 1302' - Hwy 288
1327' - Cityscape Ave
Frontage Type: 2 way, 1 lane each way
Zoning Code: None
Zoning Desc.: N/A
Flood Plain: Yes
Flood Zone: 3% within 100-year; 35% within 500-year
Flood Zone Designation: X (Shaded)
Utilities: Water Public, Sewer
Utilities Desc.: HC MUD 390
Source of Land Info.: Engineering Report

Comments

Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.

14.95 Ac Hwy 288



Comments (Cont'd)

Site includes approximately 2.6 acres of pipeline easements that bisects the southern portion of the site. This easement divides the site into an approximate 9.65 acre tract located to the north of the easement, and an approximate 2.7 acre tract located to the south of the easement.

Land Sale Profile

Sale No. 7

Location & Property Identification

Property Name: Waterfront Land - NASA Pkwy

Sub-Property Type: Commercial, Hotel

Address: West side of NASA Parkway at
Repsdorph Road

City/State/Zip: Seabrook, TX 77586

County: Harris

Submarket: Baybrook/Clear Lake

Market Orientation: Suburban



IRR Event ID: 2824096

Sale Information

Sale Price: \$12,700,000

Effective Sale Price: \$12,700,000

Sale Date: 08/02/2022

Contract Date: 06/09/2022

Sale Status: Closed

\$/Acre(Gross): \$1,237,238

\$/Land SF(Gross): \$28.40

\$/Acre(Usable): \$1,237,238

\$/Land SF(Usable): \$28.40

Grantor/Seller: Endeavour Lofts Clear Lake
L.P.; Endeavour Marina Clear
Lake L.P., & Lamrock 3/2001
L.P.

Grantee/Buyer: Marinemax, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Document Type: Warranty Deed

Recording No.: RP-2022-394291

Verified By: David M. English

Verification Date: 06/01/2022

Confirmation Source: Viewed PSA

Verification Type: Confirmed-Buyer

MSA: Houston-The
Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: 041-008-004-0040,
041-008-004-0050,
041-008-004-0082,
123-082-001-0001 and
123-082-001-0002

Acres(Usable/Gross): 10.26/10.26

Land-SF(Usable/Gross): 447,133/447,133

Usable/Gross Ratio: 1.00

Shape: Rectangular

Topography: Gently Sloping

Corner Lot: No

Frontage Feet: 890

Frontage Desc.: NASA Parkway

Frontage Type: 2 way, 3 lanes each way

Zoning Code: WAD

Zoning Desc.: Waterfront Activity District

Flood Plain: Yes

Flood Zone: 13% within Coastal Flood
Zone (VE), remainder in 1
VE

Flood Zone Designation: VE

Comm. Panel No.: 48201C1095M

Date: 01/06/2017

Utilities: Water Public, Sewer

Utilities Desc.: All available

Source of Land Info.: Engineering Report

Improvement and Site Data

Waterfront Land - NASA Pkwy



Comments

The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.

Property consists of two tracts separated by Repsdorph future ROW.

Land Sales - Lot 8

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



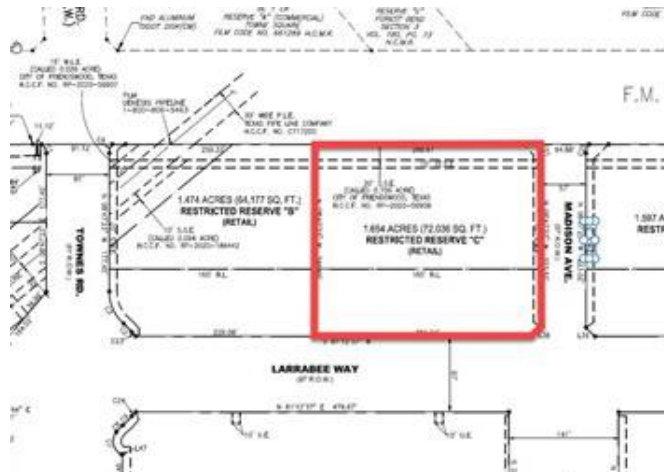
Land Sales - Lot 9

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
 Sub-Property Type: Commercial, Retail
 Address: Southwest corner of FM 528 and Townes Road
 City/State/Zip: Friendswood, TX 77546
 County: Harris
 Submarket: Baybrook/Clear Lake
 Market Orientation: Suburban
 IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
 Effective Sale Price: \$1,445,320
 Sale Date: 07/15/2024
 Sale Status: Closed
 \$/Acre(Gross): \$871,200
 \$/Land SF(Gross): \$20.00
 \$/Acre(Usable): \$871,200
 \$/Land SF(Usable): \$20.00
 Grantor/Seller: Maddison Development Corp., LLC
 Grantee/Buyer: Lone Star Campus R1, LLC
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Warranty Deed
 Recording No.: RP-2024-252299
 Verified By: Ernest Gatewood
 Verification Date: 07/22/2024
 Confirmation Source: Closing Statements
 Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
 Shape: Rectangular
 Topography: Level
 Corner Lot: Yes
 Frontage Type: 2 way, 3 lanes each way
 Zoning Code: PUD (Planned Unit Development)
 Zoning Desc.: Commercial
 Flood Plain: No
 Utilities: Water Public, Sewer
 Utilities Desc.: All Available
 Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
 Acres(Usable/Gross): 1.66/1.66
 Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court. The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot

Address: Southeast corner of Flyway Drive and Osprey Dr

City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban

IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: 14.95 Ac Hwy 288
Sub-Property Type: Residential, Multifamily Land
Address: East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue
City/State/Zip: Houston, TX 77049
County: Harris
Submarket: Northeast/East
Market Orientation: Suburban

IRR Event ID: 3024382



Sale Information

Sale Price: \$12,369,893
Effective Sale Price: \$12,369,893
Sale Date: 08/25/2022
Sale Status: Closed
\$/Acre(Gross): \$827,639
\$/Land SF(Gross): \$19.00
\$/Acre(Usable): \$1,001,935
\$/Land SF(Usable): \$23.00
Grantor/Seller: Quasar City Park Ltd.
Grantee/Buyer: City of Houston
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2022-434140
Verified By: David M. English
Verification Date: 07/07/2023
Confirmation Source: Urban Meridian - Flor Gonzales
Verification Type: Confirmed-Buyer Broker

Improvement and Site Data

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: Tr 10B-1, D. White Survey, A-886 / Tax #0451900000696

Acres(Usable/Gross): 12.35/14.95
Land-SF(Usable/Gross): 537,792/651,048
Usable/Gross Ratio: 0.83
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Desc.: 1302' - Hwy 288
1327' - Cityscape Ave
Frontage Type: 2 way, 1 lane each way
Zoning Code: None
Zoning Desc.: N/A
Flood Plain: Yes
Flood Zone: 3% within 100-year; 35% within 500-year
Flood Zone Designation: X (Shaded)
Utilities: Water Public, Sewer
Utilities Desc.: HC MUD 390
Source of Land Info.: Engineering Report

Comments

Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.

14.95 Ac Hwy 288



Comments (Cont'd)

Site includes approximately 2.6 acres of pipeline easements that bisects the southern portion of the site. This easement divides the site into an approximate 9.65 acre tract located to the north of the easement, and an approximate 2.7 acre tract located to the south of the easement.

Land Sale Profile

Sale No. 7

Location & Property Identification

Property Name: Waterfront Land - NASA Pkwy

Sub-Property Type: Commercial, Hotel

Address: West side of NASA Parkway at
Repsdorph Road

City/State/Zip: Seabrook, TX 77586

County: Harris

Submarket: Baybrook/Clear Lake

Market Orientation: Suburban



IRR Event ID: 2824096

Sale Information

Sale Price: \$12,700,000

Effective Sale Price: \$12,700,000

Sale Date: 08/02/2022

Contract Date: 06/09/2022

Sale Status: Closed

\$/Acre(Gross): \$1,237,238

\$/Land SF(Gross): \$28.40

\$/Acre(Usable): \$1,237,238

\$/Land SF(Usable): \$28.40

Grantor/Seller: Endeavour Lofts Clear Lake
L.P.; Endeavour Marina Clear
Lake L.P., & Lamrock 3/2001
L.P.

Grantee/Buyer: Marinemax, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Document Type: Warranty Deed

Recording No.: RP-2022-394291

Verified By: David M. English

Verification Date: 06/01/2022

Confirmation Source: Viewed PSA

Verification Type: Confirmed-Buyer

MSA: Houston-The
Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: 041-008-004-0040,
041-008-004-0050,
041-008-004-0082,
123-082-001-0001 and
123-082-001-0002

Acres(Usable/Gross): 10.26/10.26

Land-SF(Usable/Gross): 447,133/447,133

Usable/Gross Ratio: 1.00

Shape: Rectangular

Topography: Gently Sloping

Corner Lot: No

Frontage Feet: 890

Frontage Desc.: NASA Parkway

Frontage Type: 2 way, 3 lanes each way

Zoning Code: WAD

Zoning Desc.: Waterfront Activity District

Flood Plain: Yes

Flood Zone: 13% within Coastal Flood
Zone (VE), remainder in 1
VE

Flood Zone Designation: VE

Comm. Panel No.: 48201C1095M

Date: 01/06/2017

Utilities: Water Public, Sewer

Utilities Desc.: All available

Source of Land Info.: Engineering Report

Improvement and Site Data

Waterfront Land - NASA Pkwy



Comments

The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.

Property consists of two tracts separated by Repsdorph future ROW.

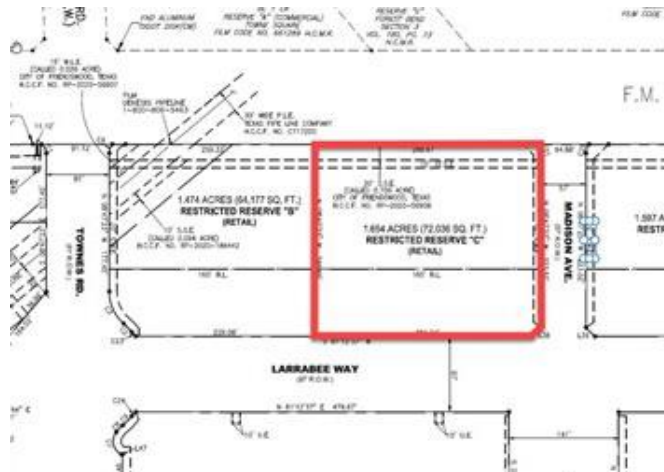
Land Sales - Lot 10

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



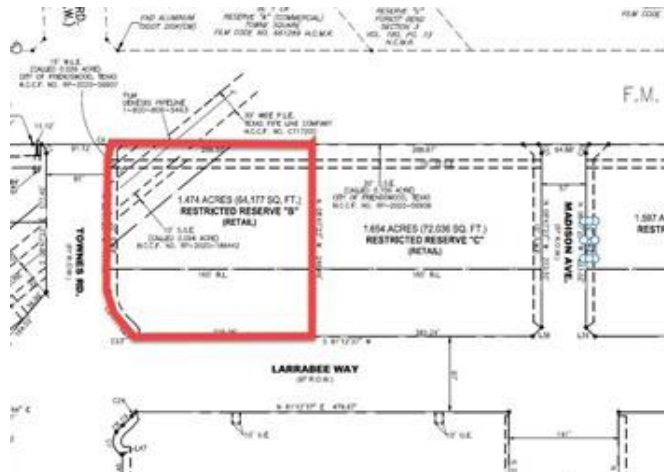
Land Sales - Lot 11

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528

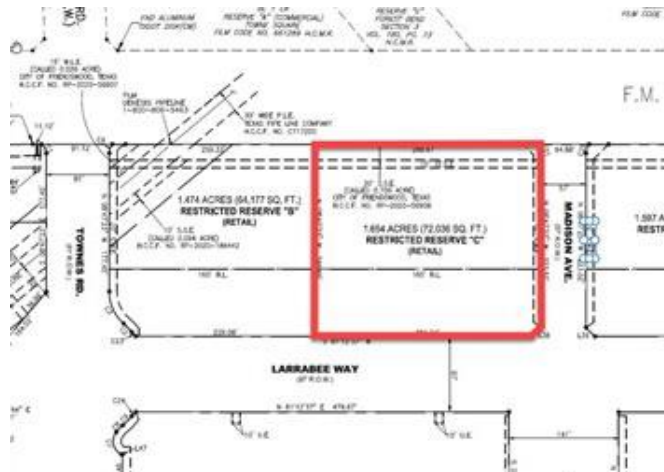


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



Land Sales - Lot 12

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: 14.95 Ac Hwy 288
Sub-Property Type: Residential, Multifamily Land
Address: East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue
City/State/Zip: Houston, TX 77049
County: Harris
Submarket: Northeast/East
Market Orientation: Suburban

IRR Event ID: 3024382



Sale Information

Sale Price: \$12,369,893
Effective Sale Price: \$12,369,893
Sale Date: 08/25/2022
Sale Status: Closed
\$/Acre(Gross): \$827,639
\$/Land SF(Gross): \$19.00
\$/Acre(Usable): \$1,001,935
\$/Land SF(Usable): \$23.00
Grantor/Seller: Quasar City Park Ltd.
Grantee/Buyer: City of Houston
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2022-434140
Verified By: David M. English
Verification Date: 07/07/2023
Confirmation Source: Urban Meridian - Flor Gonzales
Verification Type: Confirmed-Buyer Broker

Improvement and Site Data

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: Tr 10B-1, D. White Survey, A-886 / Tax #0451900000696

Acres(Usable/Gross): 12.35/14.95
Land-SF(Usable/Gross): 537,792/651,048
Usable/Gross Ratio: 0.83
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Desc.: 1302' - Hwy 288
1327' - Cityscape Ave
Frontage Type: 2 way, 1 lane each way
Zoning Code: None
Zoning Desc.: N/A
Flood Plain: Yes
Flood Zone: 3% within 100-year; 35% within 500-year
Flood Zone Designation: X (Shaded)
Utilities: Water Public, Sewer
Utilities Desc.: HC MUD 390
Source of Land Info.: Engineering Report

Comments

Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.

14.95 Ac Hwy 288



Comments (Cont'd)

Site includes approximately 2.6 acres of pipeline easements that bisects the southern portion of the site. This easement divides the site into an approximate 9.65 acre tract located to the north of the easement, and an approximate 2.7 acre tract located to the south of the easement.

Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Brittmoore Land
Sub-Property Type:	Residential, Multifamily Land
Address:	4522 Northwest quadrant of Brittmoore Road and Clay Road
City/State/Zip:	Houston, TX 77043
County:	Harris
Submarket:	West/Katy Fwy
Market Orientation:	Urban
Property Location:	4522 Brittmoore Road
IRR Event ID:	2947913



Sale Information

Sale Price:	\$12,000,000
Effective Sale Price:	\$12,000,000
Sale Date:	10/27/2022
Sale Status:	Closed
\$/Acre(Gross):	\$745,388
\$/Land SF(Gross):	\$17.11
\$/Acre(Usable):	\$921,333
\$/Land SF(Usable):	\$21.15
Grantor/Seller:	Claybritt Ventures, LLC
Grantee/Buyer:	AFH I/Houston Brittmoore, LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	RP-2022-528319
Verified By:	Karen Langridge
Verification Date:	08/11/2022
Verification Type:	Confirmed-Buyer

Sale Analysis

Current Use at T.O.S.:	Vacant
Proposed Use Change:	Yes
Proposed Use Desc.:	Multifamily

Improvement and Site Data

Brittmoore Land

Legal/Tax/Parcel ID:	Reserve A2, Twenty One, Twenty One, Brittmoore Business Park / Tax #125-996-001-0001 (portion of)
Acres(Usable/Gross):	13.02/16.10
Land-SF(Usable/Gross):	567,351/701,272
Usable/Gross Ratio:	0.81
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	785
Frontage Desc.:	Brittmoore Road
Frontage Type:	2 way, 2 lanes each way
Zoning Code:	None
Zoning Desc.:	N/A
Easements Desc.:	80' Drainage easement on
Flood Plain:	No
Flood Zone:	Usable area outside flood plain
Utilities:	Water Public, Sewer
Utilities Desc.:	All available
Source of Land Info.:	Public Records

Comments

The property is to be improved with a 324-unit, Class A market rate apartment project. Although the property wraps detention owned by Harris County, it will require



Comments (Cont'd)

onsite detention for development.

The land area within the 80' drainage easement, 20' pipeline easement, and 16' storm sewer easement on the northern property line has been netted from the gross acreage. All usable acreage is outside the flood plain.

Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	10.8046 acres, FM 2920
Sub-Property Type:	Residential, Multifamily Land
Address:	Southwest corner of FM-2920 and Foster Road
City/State/Zip:	Spring, TX 77388
County:	Harris
Submarket:	North Woodlands
Market Orientation:	Suburban
Property Location:	2525 FM-2920
IRR Event ID:	3050820



Sale Information

Sale Price:	\$5,740,419
Effective Sale Price:	\$5,815,419
Sale Date:	08/17/2023
Sale Status:	Closed
\$/Acre(Gross):	\$538,235
\$/Land SF(Gross):	\$12.36
\$/Acre(Usable):	\$538,235
\$/Land SF(Usable):	\$12.36
Grantor/Seller:	SGM Properties, LTD
Grantee/Buyer:	Prose Foster Venture, LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	RP-2023-317236
Verified By:	Jack Sarfati, MAI
Verification Date:	09/18/2023
Confirmation Source:	Seller-Viewed Settlement Statement
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$75,000
Expenditures Description:	Demolition costs
Current Use at T.O.S.:	Owner-user light industrial & vacant land

Proposed Use Change:	Yes
Proposed Use Desc.:	Apartment development

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Trs. 8, 8A, 8K, 9A & 11B, JB Middlecoff Addition, HT&BRR Co. Survey, Sec. 1, Abstract 415 / Tax #0430810000027, #0610770000012,0 430810000008
Acres(Usable/Gross):	10.80/10.80
Land-SF(Usable/Gross):	470,648/470,648
Usable/Gross Ratio:	1.00
Shape:	Very Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	734
Frontage Desc.:	FM 2920
Frontage Type:	2 way, 2 lanes each way
Zoning Code:	None
Zoning Desc.:	N/A
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

10.8046 acres, FM 2920



Comments (Cont'd)

The property was used for light industrial purposes and included a 15,513 SF industrial building. It was purchased to be developed with an apartment development. As such, we have added the estimated cost of \$75,000 for demolition costs.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Waterfront Land - NASA Pkwy

Sub-Property Type: Commercial, Hotel

Address: West side of NASA Parkway at Repsdorph Road

City/State/Zip: Seabrook, TX 77586

County: Harris

Submarket: Baybrook/Clear Lake

Market Orientation: Suburban



IRR Event ID: 2824096

Sale Information

Sale Price: \$12,700,000

Effective Sale Price: \$12,700,000

Sale Date: 08/02/2022

Contract Date: 06/09/2022

Sale Status: Closed

\$/Acre(Gross): \$1,237,238

\$/Land SF(Gross): \$28.40

\$/Acre(Usable): \$1,237,238

\$/Land SF(Usable): \$28.40

Grantor/Seller: Endeavour Lofts Clear Lake L.P.; Endeavour Marina Clear Lake L.P., & Lamrock 3/2001 L.P.

Grantee/Buyer: Marinemax, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Document Type: Warranty Deed

Recording No.: RP-2022-394291

Verified By: David M. English

Verification Date: 06/01/2022

Confirmation Source: Viewed PSA

Verification Type: Confirmed-Buyer

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: 041-008-004-0040, 041-008-004-0050, 041-008-004-0082, 123-082-001-0001 and 123-082-001-0002

Acres(Usable/Gross): 10.26/10.26

Land-SF(Usable/Gross): 447,133/447,133

Usable/Gross Ratio: 1.00

Shape: Rectangular

Topography: Gently Sloping

Corner Lot: No

Frontage Feet: 890

Frontage Desc.: NASA Parkway

Frontage Type: 2 way, 3 lanes each way

Zoning Code: WAD

Zoning Desc.: Waterfront Activity District

Flood Plain: Yes

Flood Zone: 13% within Coastal Flood Zone (VE), remainder in 1

Flood Zone Designation: VE

Comm. Panel No.: 48201C1095M

Date: 01/06/2017

Utilities: Water Public, Sewer

Utilities Desc.: All available

Source of Land Info.: Engineering Report

Improvement and Site Data

Waterfront Land - NASA Pkwy



Comments

The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.

Property consists of two tracts separated by Repsdorph future ROW.

Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Webster
Sub-Property Type: Commercial, Other
Address: Southeast corner of Medical Center Boulevard and Genesis Boulevard
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
Property Location: SEC of Medical Center Boulevard & Genesis Boulevard
IRR Event ID: 3196687



Sale Information

Sale Price: \$5,227,200
Effective Sale Price: \$5,227,200
Sale Date: 05/22/2024
Recording Date: 05/24/2024
Sale Status: Recorded
\$/Acre(Gross): \$522,720
\$/Land SF(Gross): \$12.00
\$/Acre(Usable): \$522,720
\$/Land SF(Usable): \$12.00
Grantor/Seller: Samina Muanwar
Grantee/Buyer: Prop 13 Webster, LLC
Property Rights: Fee Simple
Exposure Time: 9 (months)
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2024-190024
Verified By: Lauren Turner
Verification Date: 06/14/2024
Confirmation Source: Simmi Jaggi
Verification Type: Confirmed-Seller Broker

Legal/Tax/Parcel ID: Lot 2, Webster Outlots 8 / Tax #036-168-000-0002
Acres(Usable/Gross): 10.00/10.00
Land-SF(Usable/Gross): 435,600/435,600
Usable/Gross Ratio: 1.00
Shape: Square
Corner Lot: Yes
Frontage Feet: 1290
Frontage Type: 2 way, 1 lane each way
Zoning Code: C2
Zoning Desc.: Second Commercial District
Flood Zone: 99% 500-Year & 1% Floodway
Flood Zone Designation: AE
Comm. Panel No.: 48201C1070M
Date: 01/06/2014
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The property was listed at \$13.75/SF. On site detention required. According to the broker, the grantee intends to build an Andretti amusement center on the site. Site is adjacent to Costco.

Improvement and Site Data

Land - Webster



Improved Sales

Retail Sale Profile

Sale No. 1

Location & Property Identification

Property Name: R/C - Katy Green
Sub-Property Type: Shopping Center, Strip/Convenience Center
Address: 19111 Katy Fwy
City/State/Zip: Houston, TX 77094
County: Harris
Submarket: West/Katy Fwy
Market Orientation: Suburban
Property Location: SWC of Katy Fwy and Baker Rd

IRR Event ID: 3072035



Sale Information

Sale Price: \$8,025,000
Effective Sale Price: \$8,025,000
Sale Date: 11/14/2023
Sale Status: Closed
\$/SF GBA: \$528.80
\$/SF NRA: \$528.80
Grantor/Seller: ADLA Properties LLC
Grantee/Buyer: Thomas Wertheim Trust
Assets Sold: Real estate only
Property Rights: Leased Fee
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-432960
Verified By: Kyle White
Verification Date: 11/20/2023
Verification Type: Confirmed-Confidential

Operating Data and Key Indicators

Net Operating Income: \$ 541,688
Cap Rate - Derived: 6.75%

Occupancy

Occupancy at Time of Sale: 100.00%

Improvement and Site Data

Legal/Tax/Parcel ID: 132-944-003-0001
Res A, Blk 1, Katy Green R/P 1, Part of R/P 1

GBA-SF: 15,176
GLA-SF: 15,176
Acres(Usable/Gross): 1.77/1.77
Land-SF(Usable/Gross): 77,232/77,232
Usable/Gross Ratio: 1.00
Year Built: 2017
No. of Buildings/Stories: 1/1
Total Parking Spaces: 38
Park. Ratio 1000 SF GLA: 2.50
Park. Ratio 1000 SF GBA: 2.50
Shape: Rectangular
Corner Lot: Yes
Bldg. to Land Ratio FAR: 0.20
Flood Plain: No
Flood Zone: Not Within
Flood Zone Designation: X
Comm. Panel No.: 48201C0615M
Date: 11/15/2019

Source of Land Info.: Public Records

R/C - Katy Green



Comments

This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.

Retail Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Citadel Retail Center
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	137 Citadel Way
City/State/Zip:	Sugar Land, TX 77479
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
Property Location:	S. line Citadel Way, S. Hwy. 90A
IRR Event ID:	3065805



Sale Information

Sale Price:	\$3,530,883
Effective Sale Price:	\$3,530,883
Sale Date:	10/10/2023
Sale Status:	Closed
\$/SF GBA:	\$543.21
\$/SF NRA:	\$543.21
Grantor/Seller:	Amin Dhanani
Grantee/Buyer:	Mejor Compra, LLC
Assets Sold:	Real estate only
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2023-098901
Verified By:	Jack Sarfati, MAI
Verification Date:	10/31/2023
Confirmation Source:	Listing broker
Verification Type:	Confirmed-Seller Broker

Operating Data and Key Indicators

Operating Data Type:	In Place
Net Operating Income:	\$ 211,850
Cap Rate - Derived:	6.00%

Sale Analysis

Current Use at T.O.S.:	Strip shopping center
Proposed Use Change:	No

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	100.00%
Number of Tenants at T.O.S.:	2
Lease Type:	Triple Net
Remaining Lease Term (Yrs):	10.00

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	R469567 Reserves M & L-1, Sec. 4, Crossing At Telfair
GBA-SF:	6,500
GLA-SF:	6,500
Acres(Usable/Gross):	1.48/1.48
Land-SF(Usable/Gross):	64,425/64,425
Usable/Gross Ratio:	1.00
Year Built:	2022
Property Class:	B
M&S Class:	C

Citadel Retail Center



Improvement and Site Data (Cont'd)

Construction Quality:	Average
Improvements Cond.:	New
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	50
Park. Ratio 1000 SF GLA:	7.69
Park. Ratio 1000 SF GBA:	7.69
No. Of Elevators:	None
Air-Conditioning Type:	Central
Shape:	Rectangular
Corner Lot:	No
Frontage Feet:	215
Frontage Desc.:	Citadel Way
Frontage Type:	2 way, 2 lanes each way
Traffic Control at Entry:	None
Traffic Flow:	Moderate
AccessibilityRating:	Average
Visibility Rating:	Average
Bldg. to Land Ratio FAR:	0.10
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Flood Zone:	Reduced Flood Risk due to Levee
Flood Zone Designation:	X
Comm. Panel No.:	48157C0260L
Date:	04/02/2014
Utilities:	Electricity, Water Public, Sewer
Utilities Desc.:	All public
Source of Land Info.:	Public Records

Comments

The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.

Retail Sale Profile

Sale No. 3

Location & Property Identification

Property Name: Woodson's Reserve
Sub-Property Type: Shopping Center, Neighborhood Center
Address: 3917 Woodsons Reserve Pky.
City/State/Zip: Unincorporated, TX 77386
County: Montgomery
Submarket: North Woodlands
Market Orientation: Small Town - Non Metro

IRR Event ID: 3182081



Sale Information

Sale Price: \$5,250,000
Effective Sale Price: \$5,250,000
Sale Date: 09/26/2023
Sale Status: Closed
\$/SF GBA: \$531.65
\$/SF NRA: \$531.65
Grantor/Seller: DM Twolabs Woodson, LLC
Grantee/Buyer: TSN Properties, LLC
Assets Sold: Real estate only
Property Rights: Leased Fee
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Deed
Recording No.: 2023092319
Verified By: Cody Walker
Verification Date: 12/13/2023
Confirmation Source: Jake Dutson (281) 843-4912
Verification Type: Confirmed-Seller Broker

Operating Data and Key Indicators

Operating Data Type: In Place
Net Operating Income: \$ 315,000
Cap Rate - Derived: 6.00%

Occupancy

Occupancy Type Before Sale: Multi-Tenant
Occupancy Type After Sale: Multi-Tenant
Occupancy at Time of Sale: 100.00%

Improvement and Site Data

Legal/Tax/Parcel ID: R544809
GBA-SF: 9,875
GLA-SF: 9,875
Acres(Usable/Gross): 2.32/2.32
Land-SF(Usable/Gross): 101,233/101,233
Usable/Gross Ratio: 1.00
Year Built: 2022
Property Class: B
M&S Class: C
Construction Quality: Average
Improvements Cond.: Average
Exterior Walls: Stucco
No. of Buildings/Stories: 2/1
Multi-Tenant/Condo.: Yes/No
Total Parking Spaces: 150
Park. Ratio 1000 SF GLA: 15.19
No. Surface Spaces: 150
Park. Ratio 1000 SF GBA: 15.19
No. Of Elevators: None
Fire Sprinkler Type: Yes

Woodson's Reserve



Improvement and Site Data (Cont'd)

Air-Conditioning Type:	Roof Central Mounted
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Type:	2 way, 2 lanes each way
Traffic Control at Entry:	None
Traffic Flow:	Moderate
AccessibilityRating:	Average
Visibility Rating:	Average
Bldg. to Land Ratio FAR:	0.10
Zoning Code:	None
Zoning Desc.:	None
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	48339C0725G
Date:	08/18/2014
Utilities:	Electricity, Water Public, Sewer
Source of Land Info.:	Public Records

Comments

This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.

Retail Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	Plazas at Spring Green
Sub-Property Type:	Shopping Center
Address:	10625 Spring Green Boulevard
City/State/Zip:	Katy, TX 77494
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
Property Location:	NWC of Spring Green Blvd and Cinco Ranch Blvd
IRR Event ID:	3205952



Sale Information

Sale Price:	\$3,290,200
Effective Sale Price:	\$3,290,200
Sale Date:	07/18/2023
Sale Status:	Closed
\$/SF GBA:	\$548.37
\$/SF NRA:	\$548.37
Grantor/Seller:	Vista Spring Green II, Ltd.
Grantee/Buyer:	Esperanza Spring Green, LLC
Assets Sold:	Real estate only
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2023067716
Verified By:	Marcos A. Falcao
Verification Date:	06/15/2023
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Buyer

Operating Data and Key Indicators

Operating Data Type:	IRR Projection
Net Operating Income:	\$ 191,128
Cap Rate - Derived:	5.81%

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	100.00%

Improvement and Site Data

Legal/Tax/Parcel ID:	R432857
GBA-SF:	6,000
GLA-SF:	6,000
Acres(Usable/Gross):	0.70/0.70
Land-SF(Usable/Gross):	30,448/30,448
Usable/Gross Ratio:	1.00
Year Built:	2022
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Stucco
Construction Desc.:	Tiltwall with stone accents
No. of Buildings/Stories:	1/1
Total Parking Spaces:	29
Park. Ratio 1000 SF GLA:	4.83
Park. Ratio 1000 SF GBA:	4.83
No. Of Elevators:	None
Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Roof Comm.:	Flat

Plazas at Spring Green



Improvement and Site Data (Cont'd)

Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	120
Frontage Desc.:	Spring Green Boulevard
Frontage Type:	2 way, 2 lanes each way
Traffic Control at Entry:	None
Traffic Flow:	High
Visibility Rating:	Good
Bldg. to Land Ratio FAR:	0.20
Zoning Code:	None
Zoning Desc.:	None
Flood Plain:	No
Flood Zone:	Not Within
Flood Zone Designation:	X
Comm. Panel No.:	48157C0105L
Date:	04/02/2014
Utilities:	Water Public, Sewer
Utilities Desc.:	All available
Source of Land Info.:	Public Records

Comments

Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.

Retail Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	R/C - Reading Rd
Sub-Property Type:	Shopping Center
Address:	6726 Reading Rd.
City/State/Zip:	Rosenberg, TX 77471
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
IRR Event ID:	2751654



Occupancy at Time of Sale:	100.00%
Number of Tenants at T.O.S.:	7

Sale Information

Sale Price:	\$8,800,896
Effective Sale Price:	\$8,800,896
Sale Date:	01/05/2022
Sale Status:	Closed
\$/SF GBA:	\$540.93
\$/SF NRA:	\$540.93
Grantor/Seller:	Shops at Summer Park, LLC
Grantee/Buyer:	City Park South, LP
Assets Sold:	Real estate only
Property Rights:	Leased Fee
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2022001939
Verified By:	Marcos A. Falcão
Verification Date:	12/30/2021
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	R501132
GBA-SF:	16,270
GLA-SF:	16,270
Acres(Usable/Gross):	1.81/1.81
Land-SF(Usable/Gross):	78,772/78,772
Usable/Gross Ratio:	1.00
Year Built:	2021
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Concrete Precast
Construction Desc.:	Tiltwall with stone and stucco facade
No. of Buildings/Stories:	2/1
No. Of Elevators:	None
Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Roof Comm.:	Flat
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	270
Frontage Desc.:	Reading Rd
Frontage Type:	2 way, 2 lanes each way
Traffic Control at Entry:	Traffic light

Operating Data and Key Indicators

Net Operating Income:	\$ 506,463
Cap Rate - Derived:	5.75%

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant

R/C - Reading Rd



Improvement and Site Data (Cont'd)

Traffic Flow:	High
Visibility Rating:	Good
Bldg. to Land Ratio FAR:	0.21
Zoning Code:	NA
Zoning Desc.:	NA
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	48157C0245L
Date:	04/02/2014
Source of Land Info.:	Engineering Report

Comments

Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.

Lease Comparables - Retail

Retail Lease Profile

Lease No. 1

Location & Property Identification

Property Name: Shops at Grand Parkway
Sub-Property Type: Shopping Center,
Strip/Convenience Center
Address: 6941 Spring Stuebner Road
City/State/Zip: Spring, TX 77379
County: Harris
Submarket: North Woodlands
Market Orientation: Suburban



IRR Event ID: 3240005

Space Information

Space Type: Retail
Full Building Lease: No
Leased Area: 1,500

Lease Information

Lease Status: Signed Lease
Lessee: Nail Salon
Start/Available Date: 06/01/2024
Expiration Date: 05/31/2029
Term of Lease: 60 months
Lease Measure: \$/SF/Yr
Face Rental Rate: \$34.00
Effective Rental Rate: \$34.00
Escalation Type: Fixed Steps
Escalation Desc.: Not provided
Verified by: Stephen Lechtenberg
Verification Date: 06/01/2024
Verification Source: Offering memorandum
Transaction Reliability: Confirmed

MSA: Houston-The
Woodlands-Sugar Land, TX
GBA-SF: 17,600
GLA-SF: 17,600
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 63,872/63,872
Usable/Gross Ratio: 1.00
Year Built: 2023
Property Class: A
M&S Class: D
Construction Quality: Good
Improvements Cond.: Good
Exterior Walls: Stone
No. of Buildings/Stories: 1/1
Multi-Tenant/Condo.: Yes/No
Total Parking Spaces: 97
Park. Ratio 1000 SF GLA: 5.51
Park. Ratio 1000 SF GBA: 5.51
Fire Sprinkler Type: Wet
Air-Conditioning Type: Roof Central Mounted
Bldg. to Land Ratio FAR: 0.28
Source of Land Info.: Public Records

Comments

Multi-tenant strip center built in 2023 and located in Spring, Texas. Tenant signed a 60-month lease starting at \$34.00/SF triple net.

Lease Expense Information

Reimbursement Method: Triple Net

Improvement and Site Data

Shops at Grand Parkway



Retail Lease Profile

Lease No. 2

Location & Property Identification

Property Name:	Harvest Green Retail Center
Sub-Property Type:	Shopping Center, Community Center
Address:	18802 W. Airport Boulevard
City/State/Zip:	Richmond, TX 77407
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
IRR Event ID:	3252860



Space Information

Space Type:	Retail
Suite #:	E-200
Leased Area:	2,123

Lease Information

Lease Status:	Signed Lease
Lessee:	Russo's New York Pizzeria
Start/Available Date:	06/01/2024
Expiration Date:	05/31/2034
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$33.00
Effective Rental Rate:	\$33.00
Escalation Type:	Fixed Steps
Escalation Desc.:	5% in Year 6
Renewal Options:	Yes
Desc. of Options:	Two (2), five-year options
Verified by:	Stephen Lechtenberg
Verification Date:	07/09/2024
Verification Source:	Offering memorandum
Transaction Reliability:	Confirmed

Lease Expense Information

Reimbursement Method:	Triple Net
-----------------------	------------

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	0096-00-000-0016-907
GBA-SF:	82,605
GLA-SF:	82,605
Acres(Usable/Gross):	8.82/8.82
Land-SF(Usable/Gross):	384,199/384,199
Usable/Gross Ratio:	1.00
Year Built:	2023
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	5/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	558
Park. Ratio 1000 SF GLA:	6.76
Park. Ratio 1000 SF GBA:	6.76
Fire Sprinkler Type:	Yes
Air-Conditioning Type:	Central
Bldg. to Land Ratio FAR:	0.22
Source of Land Info.:	Public Records

Comments

Part of a multi-building community shopping center known as Harvest Green built in 2023. Tenant signed a

Harvest Green Retail Center



Comments (Cont'd)

10-year term at \$33.00/SF triple net with 5% increase in Year 6.

Retail Lease Profile

Lease No. 3

Location & Property Identification

Property Name:	Fort Bend Town Center RC
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	10407 Highway 6
City/State/Zip:	Missouri City, TX 77459
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
Property Location:	N/L Hwy 6, W of Fort Bend Tollway
IRR Event ID:	3220347



Space Information

Space Type:	Retail
Leased Area:	2,602

Lease Information

Lease Status:	Signed Lease
Lessee:	MOD Pizza
Start/Available Date:	02/01/2024
Expiration Date:	01/31/2034
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$36.00
Effective Rental Rate:	\$36.00
Escalation Type:	Fixed Steps
TI Allowance (\$/SF):	\$40.00
TI Type:	Shell Space
Renewal Options:	Yes
Verified by:	David English
Verification Date:	10/03/2023
Verification Source:	Viewed Rent Roll
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	R526458 Res I, Parkway Plaza Shopping Center
GBA-SF:	7,880
GLA-SF:	7,880
Acres(Usable/Gross):	1.74/1.74
Land-SF(Usable/Gross):	75,851/75,851
Usable/Gross Ratio:	1.00
Year Built:	2024
Exterior Walls:	Concrete Precast
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	84
Park. Ratio 1000 SF GLA:	10.66
Park. Ratio 1000 SF GBA:	10.66
Bldg. to Land Ratio FAR:	0.10
Flood Plain:	No
Source of Land Info.:	Public Records

Comments

Property is a pad site out of the Fort Bend Town Center.
Property is 100% occupied.

Fort Bend Town Center RC



Retail Lease Profile

Lease No. 4

Location & Property Identification

Property Name:	Western Village @ Waterview Town Center
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	19320 W. Bellfort Street
City/State/Zip:	Richmond, TX 77407
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
IRR Event ID:	3240014



Space Information

Space Type:	Retail
Suite #:	E300
Leased Area:	1,156

Lease Information

Lease Status:	Signed Lease
Lessee:	Cinnaholic
Start/Available Date:	09/27/2023
Expiration Date:	01/31/2034
Term of Lease:	125 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$35.50
Effective Rental Rate:	\$35.50
Escalation Type:	Fixed Steps
Free Rent (Months):	5.00
Renewal Options:	Yes
Desc. of Options:	One (1), five-year option
Verified by:	Stephen Lechtenberg
Verification Date:	06/01/2024
Verification Source:	Offering memorandum
Transaction Reliability:	Confirmed

Lease Expense Information

Reimbursement Method:	Triple Net
-----------------------	------------

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	13,563
GLA-SF:	13,563
Acres(Usable/Gross):	1.69/1.69
Land-SF(Usable/Gross):	73,616/73,616
Usable/Gross Ratio:	1.00
Year Built:	2022
Property Class:	A
M&S Class:	D
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Stone
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	89
Park. Ratio 1000 SF GLA:	6.56
Park. Ratio 1000 SF GBA:	6.56
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Roof Central Mounted
Bldg. to Land Ratio FAR:	0.18
Source of Land Info.:	Broker

Comments

Multi-tenant retail shopping center built in 2022 located in Richmond, TX. Tenant signed a 125-year lease starting at

Western Village @ Waterview Town Center



Comments (Cont'd)

\$35.50/SF triple net.



Retail Lease Profile

Lease No. 5

Location & Property Identification

Property Name:	Western Village @ Waterview Town Center
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	19320 W. Bellfort Street
City/State/Zip:	Richmond, TX 77407
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
IRR Event ID:	3240013



Space Information

Space Type:	Retail
Suite #:	E200
Leased Area:	1,600

Lease Information

Lease Status:	Signed Lease
Lessee:	Aloha Poke
Start/Available Date:	05/01/2023
Expiration Date:	04/30/2033
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$34.00
Effective Rental Rate:	\$34.00
Escalation Type:	Fixed Steps
Renewal Options:	Yes
Desc. of Options:	Two (2), five-year options
Verified by:	Stephen Lechtenberg
Verification Date:	06/01/2024
Verification Source:	Offering memorandum
Transaction Reliability:	Confirmed

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	13,563
GLA-SF:	13,563
Acres(Usable/Gross):	1.69/1.69
Land-SF(Usable/Gross):	73,616/73,616
Usable/Gross Ratio:	1.00
Year Built:	2022
Property Class:	A
M&S Class:	D
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Stone
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	89
Park. Ratio 1000 SF GLA:	6.56
Park. Ratio 1000 SF GBA:	6.56
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Roof Central Mounted
Bldg. to Land Ratio FAR:	0.18
Source of Land Info.:	Broker

Comments

Multi-tenant retail shopping center built in 2022 located in Richmond, TX. Tenant signed a 10-year lease starting at

Western Village @ Waterview Town Center



Comments (Cont'd)

\$34.00/SF triple net.



Retail Lease Profile

Lease No. 6

Location & Property Identification

Property Name: R/C - FM 1463
Sub-Property Type: Shopping Center
Address: 4906 FM 1463
City/State/Zip: Katy, TX 77494
County: Fort Bend
Submarket: Southwest
Market Orientation: Suburban

IRR Event ID: 3000460



Space Information

Space Type: Retail
Suite #: D500
Leased Area: 1,937

Lease Information

Lease Status: Signed Lease
Lessee: Woof Gang
Start/Available Date: 02/01/2023
Expiration Date: 04/30/2033
Term of Lease: 123 months
Lease Measure: \$/SF/Yr
Face Rental Rate: \$34.00
Effective Rental Rate: \$34.00
Escalation Type: Fixed Steps
Verification Source: Rent Roll
Transaction Reliability: Imported - V

Lease Expense Information

Reimbursement Method: Triple Net

Improvement and Site Data

MSA: Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Part of R444834
GBA-SF: 22,801
GLA-SF: 22,801

Acres(Usable/Gross): 2.23/2.23
Land-SF(Usable/Gross): 97,205/97,205
Usable/Gross Ratio: 1.00
Year Built: 2020/2021
M&S Class: C
Construction Quality: Good
Improvements Cond.: Good
Exterior Walls: Stucco
No. of Buildings/Stories: 2/1
No. Of Elevators: None
Fire Sprinkler Type: None
Air-Conditioning Type: Central
Roof Comments: Flat
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Feet: 290
Frontage Desc.: FM 1463
Frontage Type: 2 way, 1 lane each way
Traffic Control at Entry: None
Traffic Flow: High
Visibility Rating: Good
Bldg. to Land Ratio FAR: 0.23
Zoning Code: C
Zoning Desc.: Commercial
Flood Plain: No
Flood Zone Designation: X
Comm. Panel No.: 48157C0105L
Date: 04/02/2014
Source of Land Info.: Engineering Report

R/C - FM 1463



Comments

Retail shopping center that is shadow anchored by HEB.

Lease Comparables – C-Store/Gas Station

Retail Lease Profile

Lease No. 1

Location & Property Identification

Property Name:	7-Eleven - The Woodlands, TX
Sub-Property Type:	Single User, Gas Station With C-Store
Address:	10080 Research Forest Drive
City/State/Zip:	The Woodlands, TX 77354
County:	Montgomery
Submarket:	North Woodlands
Market Orientation:	Suburban
IRR Event ID:	3256999



Space Information

Space Type:	Gas Station
Full Building Lease:	Yes
Leased Area:	4,872

Lease Information

Lease Status:	Signed Lease
Lessee:	7-Eleven
Lessee Type:	National
Start/Available Date:	11/01/2023
Expiration Date:	10/31/2038
Term of Lease:	180 months
Lease Measure:	\$ Amnt/Yr
Face Rental Rate:	\$406,807.00
Effective Rental Rate:	\$406,807.00
Escalation Type:	Fixed Steps
Escalation Desc.:	7.50% every 5 years
Renewal Options:	Yes
Desc. of Options:	Four (4), five-year renewals
Verified by:	Stephen Lechtenberg
Verification Date:	07/21/2024
Verification Source:	Offering memorandum
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method:	Absolute Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	4,872
GLA-SF:	4,872
Acres(Gross):	1.39
Land-SF(Gross):	60,548
Year Built:	2023
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/No
No. of Fuel Dispensers:	7.00
Car Wash:	Yes
Fuel Dispenser Desc:	MPDs
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Bldg. to Land Ratio FAR:	0.08
Improve. Info. Source:	Public Records
Source of Land Info.:	Broker

Comments

7-Eleven - The Woodlands, TX



Comments (Cont'd)

Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.

7-Eleven - The Woodlands, TX



Retail Lease Profile

Lease No. 2

Location & Property Identification

Property Name:	7-Eleven - Baytown, TX
Sub-Property Type:	Single User, Gas Station With C-Store
Address:	5907 Garth Road
City/State/Zip:	Baytown, TX 77521
County:	Harris
Market Orientation:	Suburban
Property Location:	NWC of Garth Road and W. Archer Road
IRR Event ID:	3256996



Space Information

Space Type:	Gas Station
Full Building Lease:	Yes
Leased Area:	4,842

Lease Information

Lease Status:	Signed Lease
Lessee:	7-Eleven
Lessee Type:	National
Start/Available Date:	10/01/2022
Expiration Date:	10/01/2037
Term of Lease:	180 months
Lease Measure:	\$ Amnt/Yr
Face Rental Rate:	\$310,000.00
Effective Rental Rate:	\$310,000.00
Escalation Type:	Fixed Steps
Escalation Desc.:	7.50% every 5 years
Renewal Options:	Yes
Desc. of Options:	Four (4), five-year renewals
Verified by:	Stephen Lechtenberg
Verification Date:	07/21/2024
Verification Source:	Offering memorandum
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method:	Absolute Net
-----------------------	--------------

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	4,842
GLA-SF:	4,842
Acres(Gross):	2.50
Land-SF(Gross):	108,900
Year Built:	2022
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/No
No. of Fuel Dispensers:	5.00
Car Wash:	No
Fuel Dispenser Desc:	MPDs
Total Parking Spaces:	28
Park. Ratio 1000 SF GLA:	5.78
Park. Ratio 1000 SF GBA:	5.78
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Bldg. to Land Ratio FAR:	0.04
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

7-Eleven - Baytown, TX



Comments

Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.

7-Eleven - Baytown, TX



Retail Lease Profile

Lease No. 3

Location & Property Identification

Property Name:	7-Eleven - Houston, TX
Sub-Property Type:	Single User, Gas Station With C-Store
Address:	1211 E. Crosstimbers Street
City/State/Zip:	Baytown, TX 77022
County:	Harris
Submarket:	North/North Belt
Market Orientation:	Suburban
Property Location:	NWC of E. Crosstimbers Street & Hardy Toll Road
IRR Event ID:	3256998



Space Information

Space Type:	Gas Station
Full Building Lease:	Yes
Leased Area:	4,842

Lease Information

Lease Status:	Signed Lease
Lessee:	7-Eleven
Lessee Type:	National
Start/Available Date:	09/01/2022
Expiration Date:	09/01/2037
Term of Lease:	180 months
Lease Measure:	\$ Amnt/Yr
Face Rental Rate:	\$319,681.00
Effective Rental Rate:	\$319,681.00
Escalation Type:	Fixed Steps
Escalation Desc.:	7.50% every 5 years
Renewal Options:	Yes
Desc. of Options:	Four (4), five-year renewals
Verified by:	Stephen Lechtenberg
Verification Date:	07/21/2024
Verification Source:	Offering memorandum
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method: Absolute Net

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	4,842
GLA-SF:	4,842
Acres(Gross):	2.99
Land-SF(Gross):	130,331
Year Built:	2022
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/No
No. of Fuel Dispensers:	8.00
Car Wash:	No
Fuel Dispenser Desc:	MPDs
Total Parking Spaces:	46
Park. Ratio 1000 SF GLA:	9.50
Park. Ratio 1000 SF GBA:	9.50
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Bldg. to Land Ratio FAR:	0.04

7-Eleven - Houston, TX



Improvement and Site Data (Cont'd)

Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

Comments

Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.

7-Eleven - Houston, TX



Retail Lease Profile

Lease No. 4

Location & Property Identification

Property Name:	7-Eleven - Katy, TX
Sub-Property Type:	Single User, Gas Station With C-Store
Address:	23013 Clay Road
City/State/Zip:	Katy, TX 77493
County:	Harris
Submarket:	West/Katy Fwy
Market Orientation:	Suburban
Property Location:	SWC of Clay Road & Peek Road
IRR Event ID:	3256994



Space Information

Space Type:	Gas Station
Full Building Lease:	Yes
Leased Area:	4,842

Lease Information

Lease Status:	Signed Lease
Lessee:	7-Eleven
Lessee Type:	National
Start/Available Date:	04/01/2021
Expiration Date:	03/31/2036
Term of Lease:	180 months
Lease Measure:	\$ Amnt/Yr
Face Rental Rate:	\$288,888.00
Effective Rental Rate:	\$288,888.00
Escalation Type:	Fixed Steps
Escalation Desc.:	10% every 5 years
Renewal Options:	Yes
Desc. of Options:	Four (4), five-year renewals
Verified by:	Stephen Lechtenberg
Verification Date:	07/21/2024
Verification Source:	Offering memorandum
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method: Absolute Net

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	1402470010001
GBA-SF:	4,842
GLA-SF:	4,842
Acres(Gross):	1.32
Land-SF(Gross):	57,499
Year Built:	2021
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/No
No. of Fuel Dispensers:	8.00
Car Wash:	No
Fuel Dispenser Desc:	MPDs
Total Parking Spaces:	28
Park. Ratio 1000 SF GLA:	5.78
Park. Ratio 1000 SF GBA:	5.78
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes

7-Eleven - Katy, TX



Improvement and Site Data (Cont'd)

Bldg. to Land Ratio FAR:	0.08
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

Comments

Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 10% increases every 5 years and corporate guaranteed.

7-Eleven - Katy, TX



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APPENDIX F
DEVELOPMENT AGREEMENT

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FRIENDSWOOD CITY CENTER

DEVELOPMENT AGREEMENT

BETWEEN

MADISON DEVELOPMENT CORP., LLC

AND

THE CITY OF FRIENDSWOOD, TEXAS

Dated: January 22, 2024

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FRIENDSWOOD CITY CENTER DEVELOPMENT AGREEMENT

This Friendswood City Center Development Agreement (this “**Agreement**”), dated as of January 22, 2024 (the “**Effective Date**”), is entered into between Madison Development Corp., LLC, a Texas limited liability company (the “**Developer**”), and the City of Friendswood Texas (the “**City**”), a home-rule city and municipal corporation, acting by and through its duly authorized representative.

Recitals:

WHEREAS, unless otherwise defined: (1) all references to “sections” shall mean to sections of this Agreement; (2) all references to “exhibits” shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to “ordinances” or “resolutions” shall mean ordinances or resolutions adopted by the City Council of the City of Friendswood, Texas (the “City Council”); and

WHEREAS the Developer owns and is developing an approximately 106.5 acre tract of land within the corporate limits of the City (together the “Property”) as a commercial mixed use development in accordance with City Regulations and the Concept Plan attached hereto as Exhibit D, as defined herein; and

WHEREAS, in order to incentivize the development of the Property and encourage and support economic development within the City described by metes and bound on Exhibit A attached hereto and to promote employment, the City desires to facilitate the development of the Property through the financing of certain public infrastructure (the “Public Improvements” as defined herein) and constructing additional public improvements within the Property and the TIRZ Property; and

WHEREAS, in order to finance the Public Improvements, the City Council intends to create a public improvement district that includes the Property (the “PID”) in accordance with Chapter 372 Texas Local Government Code, as amended (the “PID Act”), and to create a tax increment reinvestment zone that includes the Property pursuant to Chapter 311, Texas Tax Code, as amended (the “TIRZ Act”); and

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement), adopt the Assessment Ordinance (as defined herein) and adopt Service and Assessment Plans (“SAP”) (as defined herein) which provide for the construction, and financing of the Public Improvements pursuant to a Service and Assessment Plan, payable in whole or in part by and from Assessments levied against property within the PID (whether through a cash reimbursement or through an issuance of PID Bonds); and

WHEREAS the City also intends to pay or reimburse the Developer for additional improvements within the Property and the TIRZ property consisting of certain drainage improvements and other public improvements (the “Drainage Improvements” and “City Improvements” respectively), the payment and reimbursement for the Public Improvements, the City Improvements and the Drainage Improvements shall be solely from (i) the installment payments of Assessments and/or proceeds of the PID Bonds, (ii) TIRZ Revenues and/or (ii) City

drainage bond proceeds, and the City shall never be responsible for the payment of the Public Improvements, Drainage Improvements and City Improvements or the PID Bonds from its general fund or its ad valorem tax collections, past or future or any other source of City revenue or any assets of the City of whatsoever nature; and

WHEREAS, the Parties agree that the Public Improvements, Drainage Improvements and City Improvements are also improvements that qualify as projects under the TIRZ Act; and

WHEREAS, the City recognizes the positive impact that the construction and installation of the Public Improvements, Drainage Improvements and City Improvements will bring to the City and will promote state and local economic development; to stimulate business and commercial activity in the City; for the development and diversification of the economy of the State; development and expansion of commerce in the State, and elimination of employment or underemployment in the State;

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Article have the meanings assigned to them in the Recitals or this Article, and all such terms include the plural as well as the singular.

“Actual Costs” is defined in the Service and Assessment Plan.

“Affiliates” means any other person directly controlling, or directly controlled by or under direct common control with the Developer. As used in this definition, the term “control,” “controlling” or “controlled by” shall mean the possession, directly, of the power either to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of the Developer, or (b) direct or cause the direction of management or policies of the Developer, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of the Developer or any affiliate of such lender.

“Agreement” has the meaning stated in the first paragraph of this Agreement.

“Annual Installments” means with respect to each parcel subject to Assessments, each annual payment of the Assessments, including any applicable interest, as set forth and calculated in the SAP.

“Applicable Law” means any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, or other Governmental Authority. Applicable Laws shall include, but not be limited to, City Regulations.

“Appraisal” means an appraisal of the property to be assessed in the PID by a licensed MAI Appraiser, such Appraisal to include as-complete improvements, including the Public Improvements to be financed in part with PID Bonds (i.e., “as-complete”) and the construction and installation of the Private Improvements, necessary to get a Final Lot Value.

“Assessment Ordinance” means one or more of the City’s ordinances approving a SAP and levying Assessments on the benefitted Property within the PID.

“Assessments” means those certain assessments levied by the City pursuant to the PID Act and on benefitted parcels within the PID for the purpose of paying the costs of the Public Improvements, including interest, all as set forth in or modified by the Service and Assessment Plan.

“Assessed Property” means property within the PID upon which an Assessment is levied, as set forth in a Service and Assessment Plan.

“City” means the City of Friendswood, Texas.

“City Center Account” means that account in Section 4.01(a) into which the City Tax Increment from the TIRZ Property shall be deposited.

“City Improvements” means the City’s fire station within the PID, public water, storm sewer and sanitary improvements, public drainage facilities, traffic signals, public parkland, and public roadways to include the City-owned public road providing additional access to the Brookside Intermediate School, all constructed to City Regulations, as shown on Exhibit K attached hereto. To the extent permitted by the Act, the fire station shall be considered a Public Improvement, payable from assessments and TIRZ Revenues, and the road shall be reimbursable from TIRZ Revenues.

“City Regulations” mean provisions of the City’s Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, which shall be applied to the Development, including the PUD.

“City Representative” means the City Manager or designee which may include a third party inspector or representative.

“City Tax Increment” means, for any given year beginning with the 2023 tax year, seventy percent (70%) of the ad valorem property taxes levied and collected by the City for that year above the base year, on the captured appraised value of real property taxable by the City and located within the TIRZ for the term of the TIRZ, as set forth in Article IV herein.

“Closing Disbursement Request” means the Closing Disbursement Request described in Section 4.06, the form of which is attached as Exhibit G.

“Commencement of Construction” shall mean that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for construction of the applicable improvement, or portion thereof, as the case may be, on the Property; (ii) all necessary permits for the initiation of construction of the improvement, or portion thereof,

as the case may be, on the Property pursuant to the respective plans therefore having been issued by all applicable governmental authorities; and (iii) grading of the Property for the construction of the applicable improvement, or portion thereof, as the case may be, has commenced.

“Completion of Construction” shall mean that the City has with respect to applicable Public Improvements, Drainage Improvements and City Improvements accepted the respective Public Improvements, Drainage Improvements and City Improvements and confirmed that Final Completion has been reached with respect to such Public Improvements, Drainage Improvements and City Improvements.

“Concept Plan” means the concept plan attached hereto as Exhibit D and included in the PUD.

“Construction Agreements” mean the contracts for the construction of the Public Improvements, Drainage Improvements and City Improvements.

“Cost Overruns” means those Public Improvement Project Costs that exceed the budget cost set forth in the SAP(s) plus the Developer Cash Contribution.

“Cost Underruns” means Public Improvement Project Costs that are less than the budgeted cost set forth in the SAP(s).

“Deficit” shall have the meaning ascribed thereto in Section 3.03 of this Agreement.

“Developer” means Madison Development Corp., LLC, a Texas limited liability company and its successors and permitted assigns.

“Development” means the Friendswood City Center Development, a mixed use commercial development to be developed and constructed on the Property pursuant to the City Regulations and this Agreement.

“Disclosure Program” means the disclosure program, as set forth in a document in the form of Exhibit H that establishes a mechanism to disclose to each purchaser of property within the PID, the terms and conditions under which their lot is burdened by the PID.

“Drainage Improvements” means those drainage improvements set forth in Exhibit I.

“Drainage Payment Certificate” means a certificate as set forth in Section 3.06, the form of which is attached as Exhibit J.

“Effective Date” means the date set forth in the first paragraph of this Agreement which shall be the earliest date on which (i) the Developer has executed this Agreement and (ii) the Agreement is approved by City Council.

“Estimated Build Out Value” means the estimated value of an assessed property with fully constructed buildings, as provided by the Developer and confirmed by the City by considering such factors as density, lot size, proximity to amenities, view premiums, location, market

conditions, historical sales, builder contracts, discussions with builders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value.

“Final Completion” means as the point in the construction of the project when the City determines that the project is 100% completed, including punch list work.

“Final Lot Value” means the developed lot values established by an Appraisal.

“Force Majeure” means any act that (i) materially and adversely affects the affected Party’s ability to perform the relevant obligations under this Agreement or delays such affected Party’s ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party’s fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. “Force Majeure” shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; (f) epidemics or pandemics where shut-down of commercial construction or the manufacturing of supplies relating thereto has been ordered by a Governmental Authority; and (g) actions or omissions of a Governmental Authority (including the actions of the City in its capacity as a Governmental Authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Applicable Law or failure to comply with City Regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (i) economic hardship; (ii) changes in market condition; (iii) any strike or labor dispute involving the employees of the Developer or any Affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (iv) during construction, weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; (v) the occurrence of any manpower, material or equipment shortages except as set forth in (f) above; or (vi) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for Public Improvements, Drainage Improvements or City Improvements.

“Governmental Authority” means any Federal, state or local governmental entity (including any taxing authority) or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof) and any arbitrator to whom a dispute has been presented under Applicable Law, pursuant to the terms of this Agreement or by agreement of the Parties.

“Indenture(s)” means the applicable indenture of trust pursuant to which PID Bonds are issued.

“Landowner Consent” means a consent executed by the applicable owner(s) of the Property consenting to the formation of the PID and the levy of Assessments, in form attached hereto as Exhibit E.

“Impositions” shall mean all taxes, assessments, use and occupancy taxes, sales taxes, charges, excises, license and permit fees, and other charges by public or governmental authority,

which are or may be assessed, charged, levied, or imposed by any public or governmental authority on Developer, or any property or any business owned by Developer within City.

“POA” is defined in Section 10.01.

“POA Maintained Improvements” is defined in Section 10.01.

“POA Maintenance Agreement” is defined in Section 10.01

“Net PID Bond Proceeds” means the proceeds of the PID Bonds issued pursuant to Sections 3.02, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the project fund for such bonds.

“Parties” or “Party” means the City and the Developer as parties to this Agreement.

“Payment Certificate” means a Payment Certificate as set forth in Section 9.03, the form of which is attached as Exhibit F as may be modified by an Indenture.

“Phasing Plan” means the plan for the construction and timing of the Development attached hereto as Exhibit L.

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

“PID Bond Proceeds” means the proceeds of the PID Bonds, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the Project Fund.

“PID Bonds” means one or more series special assessment revenue bonds issued by the City pursuant to the PID Act for the reimbursement of the Public Improvement Project Costs.

“PID” means the Friendswood City Center Public Improvement District.

“PID Phase ” means a Phase of development within the PID.

“Plans and Specifications” means the plans and specifications for Public Improvements, Drainage Improvements and City Improvements approved by the City, together with any changes thereto approved or required by the City.

“Private Improvements” means these horizontal improvements described in the Plans and Specifications and in the PUD, submitted to the City, other than the Public Improvements, Drainage Improvements and City Improvements, being constructed in each Phase to get to a Final Lot Value.

“Project Cost Cap” means the total amount of reimbursement and/or payment to the Developer for the Public Improvement Project Costs, or the Actual Costs of the Drainage Improvements and City Improvements, from any source, including the proceeds of PID Bonds, TIRZ Revenues, City drainage bond proceeds or Assessment Revenues; such amount shall be equal to the Actual Costs of the Public Improvements, Drainage Improvements and City

Improvements that are to be reimbursed as set forth in this Agreement, the SAP and the TIRZ Project and Finance Plan.

“Project Fund” means the fund by that name created under each Indenture into which PID Bond Proceeds shall be deposited.

“Property” means the approximately 106.5 acre tract within the City to be developed within the Friendswood City Center Public Improvement District, as described in Exhibit A.

“Public Improvements” means public improvements to be developed and constructed or caused to be developed or constructed inside and outside the PID by the Developer to benefit the PID and the Property, which will include improvements described in Exhibit C.

“PUD” means the Planned Unit Development - Friendswood City Center PUD approved by the City on November 6, 2023, as attached here to as Exhibit B. As may be amended pursuant to City Regulations.

“Public Improvement Completion Date” means a date that is no later than twenty-four (24) months after Commencement of Construction for the Public Improvements, Drainage Improvements and City Improvements for each phase. Such date may be extended by one (6) month extension that may be granted by the City Manager upon request of the Developer.

“Public Improvement Project Costs” means the Actual Costs of the Public Improvements and a portion of the Actual Costs of the City Improvements set forth in the Service and Assessment Plan.

“Reimbursement Agreement(s)” means the agreement(s) between the City and the Developer in which Developer agrees to fund the certain costs of Public Improvements and the City agrees to reimburse the Developer for a portion of such costs of the Public Improvements from the proceeds of Assessments pursuant to the SAP(s) or from future PID Bond proceeds, if any.

“Service and Assessment Plan” or “SAP” means the service and assessment plans drafted pursuant to the PID Act for the PID and any amendments or updates thereto, adopted and approved by the City that identifies and allocates the Assessments on benefitted parcels within the PID and sets forth the method of assessment, the parcels assessed, the amount of the Assessments, the Public Improvements and the method of collection of the Assessment.

“Subsequent Owner” means the owner(s) of land within the PID as a result of a transfer made by the Developer pursuant to a purchase and sale contract for land within the PID.

“TIRZ” means the tax increment reinvestment zone created by the City over the TIRZ Property.

“TIRZ Act” means Chapter 311, Texas Tax Code, as amended.

“TIRZ Cap” means the lesser of the lesser of the (i) amount generated by the City Tax Increment over the life of the TIRZ; or (ii) \$100,000,000 in total reimbursement to the Developer (from both the PID and the TIRZ revenues).

“TIRZ Fund” means the fund set up by the City in order to receive the TIRZ Revenues in accordance with this Agreement, the TIRZ Act and the TIRZ Project and Finance Plan.

“TIRZ Project and Finance Plan” means those certain project plan and finance plan for the TIRZ required by the TIRZ Act, as amended that sets for the projects to be undertaken in the TIRZ.

“TIRZ Property” means the approximately 125 acre site over which the TIRZ was created, which includes the Property.

“TIRZ Revenues” means the revenues received from the City Tax Increment collected and deposited to the applicable TIRZ Account.

“Trustee” means the trustee under the Indenture.

“Waiver of Liens” means a complete, final and unconditional waiver of all liens with respect to the Public Improvements, Drainage Improvements and City Improvements.

ARTICLE II

THE DEVELOPMENT

Section 2.01. Scope of Agreement. This Agreement establishes provisions for the creation of the PID, the apportionment, levying, and collection of Assessments on the Property within the PID, the creation of the TIRZ and use of TIRZ Revenues, the construction of the Public Improvements, Drainage Improvements and City Improvements, reimbursement, acquisition, ownership and maintenance of the Public Improvements, Drainage Improvements and City Improvements, and the issuance of PID Bonds for the financing of the Public Improvements benefitting the property within the PID.

Section 2.02. Project Overview – The Development.

(a) The Developer will undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and will undertake or cause the undertaking of the design, development and construction of the Public Improvements, Drainage Improvements and City Improvements. The Development will consist of the following elements, in accordance with the PUD:

- (i) A Town Center consisting of:
 - A. Approximately 500 multi-family units;
 - B. Approximately 191,000 square feet of medical/office use;

C. A maximum 150 room hotel and approximately 5,000 square foot conference facility;

D. Approximately 63,800 square feet of restaurant and retail space;

E. Approximately 52 acres of public parks and approximately 5.2 miles of public trails;

F. A maximum of 300 condominium units;

G. A minimum 2,188 space parking garage.

(ii) A City fire station.

(iii) The dedication of land to the City along Clear Creek for a future flood mitigation project, such acreage to be mutually agreed to by the Parties.

(b) Subject to the terms and conditions set forth in this Agreement, the Developer shall plan, design, construct, and complete or cause the planning, designing, construction and completion of the Public Improvements, Drainage Improvements and City Improvements to the City's standards and specifications and subject to the City's approval as provided herein and in accordance with City Regulations, the Concept Plan and Applicable Law.

(c) Upon completion and acceptance by the City, the Public Improvements, Drainage Improvements and City Improvements shall be owned by the City and shall be maintained by the City.

ARTICLE III

PUBLIC IMPROVEMENT DISTRICT

Section 3.01. Creation.

The Developer has requested the creation of a PID over the Property, and has submitted a petition to the City that contain a list of the Public Improvements to be financed by the PID and the estimated or actual costs of such Public Improvements in the PID. By resolution, the City accepted such petition by resolution and scheduled a public hearing to consider the creation of the PID in accordance with the PID Act. Developer has entered into professional services payment agreement that obligates Developer to fund the costs of the City's professionals relating to the creation of the PID, the levy of Assessments in the PID and any PID Bond financing costs, which amount shall be considered a cost payable from PID Bond Proceeds.

Section 3.02. Issuance of PID Bonds.

(a) Subject to the terms and conditions set forth in this Article III, the City intends to authorize the issuance of PID Bonds in one or more series up to an aggregate principal amount of \$100,000,000 to pay for or reimburse the Public Improvements Project Costs. The Public Improvements to be constructed or acquired and paid or reimbursed in connection with the PID

Bonds are detailed in Exhibit C, which may be amended from time to time, and shall be as set forth in the Service and Assessment Plan for the PID or any updates thereto. The net proceeds from the sale of each series of PID Bonds, including but not limited to, net of costs and expenses of issuance of each series of PID Bonds and amounts for debt service reserves and capitalized interest, will be used to pay or reimburse the Public Improvement Project Costs. Notwithstanding anything in this Agreement, the issuance of PID Bonds and the levy of Assessments are discretionary governmental actions by the City Council and subject to the City's approval and the issuance of PID Bonds is also subject to market conditions at the time of issuance. The issuance of PID Bonds and the levy of Assessments is an action to be taken by a future City Council and such future City Council shall not be bound by the terms of this Agreement with respect to the issuance of PID Bonds and the levy of Assessments.

(b) Each series of PID Bonds shall be issued with the terms deemed appropriate by the City Council at the time of issuance, if at all.

(c) The following conditions must be satisfied prior to the City's consideration of the sale of PID Bonds:

(i) The Developer shall have requested, in writing, the issuance of PID Bonds;

(ii) The Developer shall have submitted to the City all requested and required information necessary to evaluate a PID Bond issuance for each Phase and to accomplish the levy of Assessments and the issuance of PID Bonds, which information shall include:

A. For the Property, total acreage of commercial property, open space, multi-family property, non-developable property (by Phase if applicable) for which Assessments are to be levied;

B. Engineers' opinion of probable costs (dated within the last 3 months prior to submission) for all improvements within the Phase for which Assessments are to be levied;

C. Break out of total offsite costs to serve the Phase for which Assessments are to be levied;

D. Break out of total oversizing costs of improvements within the Phase for which Assessments are to be levied;

E. Breakout of phased costs for all phases versus major improvement cost within the applicable PID;

F. Assumptions for number of lots

1. Total number of lots by type;

2. Total estimated value per lot;

3. Total estimated value of lots by use;

4. The values provided in 1-3 above based on phasing plan/absorption schedule

G. Map of Property and TIRZ Property

H. Proposed Concept Plan

1. With construction phasing identified by map and cost

2. Location of any open space maintained by POA

3. Total acreage of open space maintained by POA

4. Map/locations of improvements to be financed by the applicable PID

5. Onsite improvements by Phase

6. Offsite improvements by Phase

I. Final private costs (not including the public improvement costs) to reach completed lots (i.e., final lot benching, stabilization, etc.)

(iii) The maximum aggregate par amount of the PID Bonds to be issued by the City shall not exceed \$100,000,000.

(iv) The Assessments shall have been levied at the amount requested by the Developer up to a maximum "tax rate" for each Phase including the projected annual assessment, that shall not (i) exceed \$3.05 per \$100 of assessed value at the time of the levy of the Assessment on each PID Phase based on the Estimated Build Out Value of each parcel such rate limit for each PID Phase as determined at the time of the levy of the Assessments applies on an individual assessed parcel basis by Lot Type based on Estimated Build Out Value; (ii) exceed the City Tax Increment for each year available for application against the Annual Installment as set forth in the SAP, or (iii) exceed the value to lien ratios as set forth below. The Parties acknowledge and agree that the \$3.05 maximum "tax rate" set forth above assumes no changes in the taxing rates of other taxing jurisdictions within the applicable PID and that should other taxing jurisdictions adjust their tax rates, the \$3.05 maximum "tax rate" will not be reached.

(v) the total assessment value to lien ratio is at least 2:1 at the time of the levy of assessments for phase specific improvements and a total assessment value to lien ratio is at least 2:1 at the time of the levy of assessments for major improvements, and the total assessment value to lien ratio of each series of PID Bonds for each PID Phase is at least 2:1 at the time of the issuance of PID Bonds for phase specific improvements in each PID Phase and 2:1 at the time of the issuance of PID Bonds for major improvements; such values shall be confirmed by appraisal from licensed MAI appraiser. The City may agree to a lower value to lien ratio.

(vi) The Developer or its Affiliates, or any Subsequent Owner, shall own all property within the PID (or in each PID Phase, if applicable) prior to the levy of Assessments for such PID Phase, or have otherwise complied with Section 3.05 herein. The City shall not levy Assessments without a consent to the creation of the PID and the levy of Assessments from each property owner within the area to be assessed by the City.

(vii) No Event of Default by the Developer has occurred or no event has occurred which but for notice, the lapse of time or both, would constitute an Event of Default by the Developer pursuant to this Agreement, except that if an Event of Default has occurred and has been cured by the Developer, it shall not prevent the issuance of PID Bonds by the City;

(viii) The PID Bonds must be marketable by a reputable underwriter to a reputable purchaser at a reasonable rate of interest as determined by the City's financial advisor.

(ix) PID bonds may not be issued through a third-party conduit and all PID bond issues must be approved by the Texas Attorney General;

(x) The Developer shall have agreed to any continuing disclosure requirements required by the Underwriter or by the purchasers of the PID Bonds and shall be current in all past continuing disclosure obligations.

(d) In no event shall the Developer be paid and/or reimbursed from PID Bond Proceeds or Assessment revenues for all Public Improvement Project Costs in an amount in excess of the Project Cost Cap.

Section 3.03. Developer Cash Contribution.

(a) At closing on any series of PID Bonds intended to fund construction of Public Improvements, if the PID Bond Proceeds are not sufficient to pay the Public Improvement Project Costs for the Phase to which such PID Bond Proceeds relate, the Developer shall be required to provide the following to fund the difference between the Public Improvement Costs for each PID Phase and the amount of PID Bond Proceeds available for such PID Phase and minus any approved Developer expenditures of Public Improvement Project Costs for such PID Phase as confirmed and approved by the City or its PID administrator (the "Deficit") as illustrated below:

Total Amount of Public Improvement Project Costs of the PID Phase being finance by Bond Proceeds
- PID Bond Proceeds deposited to Project Fund
- <u>Verified and approved Developer expenditures of Public Improvement Project Costs for the PID Phase</u>
= Total amount of Deficit

(b) The determination of the amount of the Deficit shall be estimated prior to pricing of each series of PID Bonds and shall be finalized within five (5) days of pricing of each series of PID Bonds.

(c) To fund the Deficit, the Developer must provide one or more of the following:

(i) A deposit of cash in the amount of Deficit to a designated account under the applicable Indenture from which funds may be drawn to pay the Public Improvement Project Costs for such Phase. Any required cash deposit shall be provided at closing of the applicable series of PID Bonds.

(ii) satisfactory evidence to the City that Developer has sufficient available funds to finance as the Deficit for the Public Improvement Project Costs not to be financed by applicable series of PID Bond Proceeds. Such satisfactory evidence may consist of:

A. A closed loan with a local bank or financial institution, acceptable to the City and its financial advisor. A representative for the City shall have access to such loan documentation for review.

B. A letter of credit with a financial institution in favor of the City to allow for withdrawal by the City without condition, in a form acceptable to the City and its financial advisor. A representative for the City shall have access to such letter of credit documentation for review.

(d) No PID Bond Proceeds shall be released to the Developer until evidence of funding of the Deficit has been provided.

Section 3.04. Apportionment and Levy of Assessments.

(a) In order to be reimbursed from Assessments or from PID Bond Proceeds, a Reimbursement Agreement must be entered into prior to the acceptance of the Public Improvements. The City's apportionment and levy of Assessments shall be made in accordance with the PID Act. The City shall remit the draft Service and Assessment Plan or any amendment thereto to the Developer for review at least two (2) weeks prior to its consideration by City Council.

(b) Concurrently with the levy of the Assessments on each PID Phase, the Developer and its Affiliates shall execute and deliver a Landowner Consent in the form attached as Exhibit E for all land owned or controlled by Developer or its Affiliates, or otherwise evidence consent to the creation of the PID and the levy of Assessments therein and shall record evidence and notice of the Assessments in the real property records of Harris County. The City shall not levy Assessments on property within the PID without an executed Landowner Consent from each landowner within the PID whose property is being assessed.

Section 3.05. Transfer of Property. Other than the sale of the Property to the Developer, notwithstanding anything to the contrary contained herein, no sale of property within the PID (or in a PID Phase, if applicable) in which Assessments are to be levied, shall occur prior to the City's levy of Assessments in the PID (or PID Phase) unless the Developer provides the City with an executed consent to the creation of the PID and the levy of Assessments, in a form acceptable to the City with respect to the purchased property. In addition, evidence of any transfer of property in the PID prior to the levy of Assessments on such property shall be provided to the City prior to the levy of Assessments on such property. The City shall require consent of each subsequent owner of Assessed Property in the PID to the levy of Assessments on each property and to the

creation of the PID prior to Assessments being levied on such owner's property. The Developer understands and acknowledges that evidence of land transfer, the execution of the Landowner Consent, appraisal district certificate and property record recording will be required from each owner of Assessed Property in order to levy the Assessments and shall require the consent of the purchased property owner in any land sale contract. The Developer shall provide all necessary documentation to the City with respect to any land transfers.

Section 3.06. City Participation in Drainage Improvements.

(a) The City has available bond funds for the construction or reimbursement of the Drainage Improvements as set forth in Exhibit I up to a maximum amount of \$5,000,000, which amounts will not be paid or reimbursed from the PID or the TIRZ unless approved by the City. The Parties acknowledge that any costs spent for the Drainage Improvement prior to the execution of this Agreement shall be eligible for reimbursement by the City provided that such expenditures comply with City Regulations and the PUD. The City intends to contribute such funds during construction of the drainage improvement within the PID. The design and construction of the Drainage Improvements shall be pursuant to City Regulations and approved by the City, as shall any bid for such Drainage Improvements, if required by applicable law. The timing and manner of such contribution shall be as set forth below as may be modified by the City.

(b) The City shall authorize reimbursement of the Drainage Improvements existing drainage bond proceeds. The Developer shall submit a Drainage Payment Certificate to the City for reimbursement for the costs of the Drainage Improvements, which request shall include invoices, contracts, Waivers of Liens or any other information requested by the City that is customary for the City to review prior to payment of any public improvement cost. Prior to any payment or reimbursement, all Plans and Specification associated with the Drainage Improvement have been approved by the City. The City shall review the sufficiency of each Drainage Payment Certificate with respect to compliance with this Agreement, compliance with the City Regulations, the Concept Plan and Applicable Law, within thirty (30) business days of receipt from the Developer. After review, the City shall send notice to the Developer of what is approved in each Drainage Payment Certificate and what is denied and will notify Developer of additional documentation needed. Approved costs in a Drainage Payment Certificate shall be forwarded for payment in a timely manner and the City will work with the Developer to resolve amounts not approved in each request.

Section 3.07. City Improvements. The Developer shall design, construct and install the City Improvements as set forth in Exhibit K attached hereto and the City shall reimburse the Developer for the Actual Costs of the City Improvements from Assessment Revenues, PID Bond Proceeds or TIRZ Revenues, as available, up to the amounts set forth for the City improvements in the Service and Assessment Plan or TIRZ Project and Finance Plan, as applicable.

Section 3.08. Fire Station Condo Regime. The City must approve the condominium regime and condominium documents relating to the subdivision of the fire station parcel before filing in the real property records of the County, and the City will not accept ownership or

dedication of the fire station or reimburse or pay for costs of the City fire station from TIRZ Revenues until such condominium regime is filed in the real property records of the County.

ARTICLE IV TIRZ

Section 4.01. Tax Increment Reinvestment Zone.

(a) The City has created a tax increment reinvestment zone pursuant to and in accordance with the TIRZ Act. The Property within the boundaries of the TIRZ Property. The City shall create an account within the TIRZ Fund into which the City Tax Increment from the TIRZ Property within the PID shall be deposited (the “City Center Account”) up to the TIRZ Cap.

Section 4.02. Flow of Funds in District TIRZ Account. The City Tax Increment collected within the TIRZ up to the TIRZ Cap, shall be deposited as follows:

(i) First, to subsidize Assessments in each year for the PID (or each PID Phase, if applicable) in order to lower the Annual Installments of the Assessments the PID (or PID Phase) to a level that produces an overall tax equivalent tax rate equal to the rate set forth in the Service and Assessment Plan for each parcel within the PID (or PID Phase) as defined in the Service and Assessment Plan; and

(ii) Second, to pay the City administrative costs relating to the TIRZ, including any reasonable third-party administrative costs, including the payment of any Assessments levied on City owned property;

(iii) Third, to reimburse the Developer for the City Improvements not otherwise paid from Assessments or PID Bond Proceeds;

(iv) Fourth, the City for any lawful purpose.

Section 4.03. Duration of TIRZ Revenue.

(a) Deposits of the City Tax Increment shall continue into the City Center Account until (i) the final maturity of all outstanding PID Bonds, (ii) the TIRZ Cap has been reached, or (iii) the expiration of the term of the TIRZ.

Section 4.04. Refunding of PID Bonds.

(a) Upon the refunding of any series of PID Bonds, any reduction in the assessments for such PID Bonds shall mean a dollar-for-dollar reduction in any TIRZ credit allocated to such PID Bonds.

Section 4.05. TIRZ Fund.

In accordance with the TIRZ Project and Finance Plan, the City Tax Increment shall be deposited to the applicable account of the TIRZ Fund annually, after adoption of the ordinance creating the TIRZ.

ARTICLE V

DEVELOPMENT

Section 5.01. Full Compliance with City Standards.

Development and use of the Property by Developer and its Affiliates, and any Subsequent Owner, including, without limitation, the construction, installation, maintenance, repair, and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the then current applicable City Regulations and with the Concept Plan.

Section 5.02. Planned Development. As consideration for the City's obligations under this Agreement and in consideration for the reimbursement of the Public Improvement Project Costs, the City Improvements costs, and the Drainage Improvement costs, the Developer agrees that its development and use of the Property or the development and use of the Property by Subsequent Owners, including, without limitation, the construction, installation, maintenance, repair and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the City Regulations and the Concept Plan Any changes to the Concept Plan attached hereto must be approved by the City; provided, however, that any changes to the Concept Plan approved by the City through its regulatory functions shall be deemed to have amended the Concept Plan attached hereto.

Section 5.03. Property Acquisition. With the exception of the acquisition of easement rights as set forth in Article VI hereof, the Parties acknowledge that the Developer is responsible for the acquisition of certain off-site property rights and interests to allow the Public Improvements to be constructed to serve the Property. If any portion of the Property is transferred to a Subsequent Owner, such Subsequent Owner shall be required by the Developer to allow Developer to construct the Public Improvements to serve the Property. The City agrees to allow Developer (or a Subsequent Owner, if approved by the City) the use of any City easements, rights of way or owned property as is reasonably necessary for the construction and installation of the Public Improvements. If the Developer is unable to obtain such third-party rights-of-way, consents, or easements, within 90 days of commencing efforts to obtain the needed rights-of-way, consents, or easements, the City agrees to consider the acquisition of such property (subject to City Council authorization after a finding of public necessity), at Developer's cost, through the use of the City's power of eminent domain. Developer shall be responsible for funding all reasonable and necessary legal proceeding/litigation costs, attorney's fees and related expenses, and appraiser and expert witness fees actually incurred by the City in the exercise of its eminent domain powers, such costs to be paid by the Developer pursuant to the Professional Services Agreement prior to any taking of land by the City.

Section 5.04. Conflicts. In the event of any conflict between this Agreement and any City Regulations, this Agreement shall control.

ARTICLE VI

DEVELOPMENT CHARGES

Section 6.01. Fees. Development of the Property and the TIRZ Property shall be subject to payment to the City of fees charged pursuant to the City Regulations.

ARTICLE VII

DEVELOPMENT SPECIFIC REQUIREMENTS

Section 7.01. Compliance with PUD. The Developer will comply with the terms of the PUD and the Phasing Plan.

ARTICLE VIII

CONSTRUCTION OF THE PUBLIC IMPROVEMENTS, DRAINAGE IMPROVEMENTS AND CITY IMPROVEMENTS

Section 8.01. Designation of Construction Manager, Construction Engineers.

(a) Prior to construction of any Public Improvement, Developer shall make, or cause to be made, application for any necessary permits and approvals required by City and any applicable Governmental Authority to be issued for the construction of the Public Improvements, Drainage Improvements and City Improvements and shall obligate each general contractor, architect, and consultants who work on the Public Improvements, Drainage Improvements and City Improvements to obtain all applicable permits, licenses or approvals as required by Applicable Law. The Developer shall require or cause the design, inspection and supervision of the construction of the Public Improvements, Drainage Improvements and City Improvements to be undertaken in accordance with City Regulations, the Concept Plan and Applicable Law.

(b) The Developer shall design and construct or cause the design and construction of the Public Improvements, Drainage Improvements and City Improvements, together with and including the acquisition, at its sole costs, of any and all easements or fee simple title to such land necessary to provide for and accommodate the Public Improvements, Drainage Improvements and City Improvements.

(c) Developer shall comply, or shall require its contractors to comply, with all local and state laws and regulations, including the City Regulations, regarding the design and construction of the Public Improvements, Drainage Improvements and City Improvements applicable to similar facilities constructed by City, including, but not limited to, the requirement for payment, performance and two- year maintenance bonds for the Public Improvements, Drainage Improvements and City Improvements at 100%.

(d) Upon Completion of Construction of the Public Improvements, Drainage Improvements and City Improvements, Developer shall provide or cause to be provided a final cost summary of all Public Improvement Project Costs incurred and paid associated with the construction of that portion of the Public Improvements, Drainage Improvements and City Improvements and provide proof that all amounts owing to contractors and subcontractors have been paid in full evidenced by the “all bills paid” affidavits, Waiver of Liens and lien releases executed by Developer and/or its contractors with regard to that portion of the Public Improvements, Drainage Improvements and City Improvements. Evidence of payment to the applicable contractors and subcontractors shall be provided prior to the reimbursement of the costs of any portion of the Public Improvements, Drainage Improvements and City Improvements.

(e) Developer agrees to require the contractors and subcontractors or Subsequent Owners which construct the Public Improvements, Drainage Improvements and City Improvements to provide payment, performance and two-year maintenance bonds in forms reasonably satisfactory to the City Attorney. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that the City Attorney has the right to reasonably reject any surety company regardless of such company’s authorization to do business in Texas. Evidence of payment and performance bonds shall be delivered to the City prior to Commencement of Construction of any such Public Improvements, Drainage Improvements and City Improvements.

(f) Unless otherwise approved in writing by the City, all Public Improvements, Drainage Improvements and City Improvements shall be constructed and dedicated to the City in accordance with City Regulations and Applicable Law. The Public Improvements, Drainage Improvements and City Improvements within each Phase shall reach Completion of Construction by the Public Improvement Completion Date.

(g) The Developer shall dedicate or convey or cause to be dedicated or conveyed by final plat or separate instrument, without cost to the City and in accordance with the Applicable Law, all property rights (which may be an easement) necessary for the construction, operation, and maintenance of the road, water, drainage, and sewer Public Improvements, Drainage Improvements and City Improvements, at the completion of the Public Improvements, Drainage Improvements and City Improvements and acceptance by the City.

Section 8.02. Construction Agreements. The Construction Agreements shall be let in the name of the Developer. The Developer’s engineers shall prepare and provide, or cause the preparation and provision of all contract specifications and necessary related documents. The Developer shall provide all construction documents for the Public Improvements, Drainage Improvements and City Improvements and shall acknowledge that the City has no obligations and liabilities thereunder. The Developer shall include a provision in the construction documents for the Public Improvements, Drainage Improvements and City Improvements that the contractor will

indemnify the City and its officers and employees against any costs or liabilities thereunder, as follows:

CITY OF FRIENDSWOOD, TEXAS ("CITY") SHALL NOT BE LIABLE OR RESPONSIBLE FOR, AND SHALL BE INDEMNIFIED, HELD HARMLESS AND RELEASED BY CONTRACTOR FROM AND AGAINST ANY AND ALL SUITS, ACTIONS, LOSSES, DAMAGES, CLAIMS, OR LIABILITY OF ANY CHARACTER, TYPE, OR DESCRIPTION, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS, AND ATTORNEY'S FEES, FOR ANY LOSS, DAMAGE, INJURY OF ANY KIND OR CHARTER, INCLUDING DEATH, TO ANY PERSON, ENTITY, OR PROPERTY ARISING OUT OF OR OCCASIONED BY, DIRECTLY OR INDIRECTLY, THE PERFORMANCE OF CONTRACTOR UNDER THIS CONTRACT, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. IT IS THE EXPRESSED INTENT OF THE PARTIES TO THIS CONTRACT THAT THE INDEMNITY PROVIDED FOR IN THIS CONTRACT IS AN INDEMNITY EXTENDED BY CONTRACTOR TO INDEMNIFY AND PROTECT CITY FROM THE CONSEQUENCES OF THE CONTRACTOR'S ACTS, INCLUDING NEGLIGENCE, WHETHER SUCH ACTS OR NEGLIGENCE IS THE SOLE OR PARTIAL CAUSE OF ANY SUCH INJURY, DEATH, OR DAMAGE. CONTRACTOR AGREES TO INDEMNIFY, DEFEND, AND SAVE CITY HARMLESS FROM ALL CLAIMS RELATING TO THE SOLE OR CONCURRENT NEGLIGENCE OF THE CONTRACTOR OR RELATING TO ANY DEMANDS OF SUBCONTRACTORS, LABORERS, WORKMEN, MECHANICS, MATERIALMEN, OR SUPPLIERS OF MACHINERY AND PARTS THEREOF, EQUIPMENT, POWER

TOOLS, OR SUPPLIES OBTAINED IN FURTHERANCE OF THE PERFORMANCE OF THIS AGREEMENT.

The Developer or its designee shall administer the contracts. The Public Improvement Project Costs, which are estimated on Exhibit C, shall be (i) paid by the Developer or caused to be paid by the Developer, and reimbursed by the Assessments levied pursuant to the terms of a Reimbursement Agreement or (ii) paid from the proceeds of PID Bonds issued to pay the Public Improvement Project Costs.

(a) The following requirements apply to Construction Agreements for Public Improvements, Drainage Improvements and City Improvements:

(i) Plans and specifications shall comply with all Applicable Law, and City Regulations and all Plans and Specification shall be reviewed and approved by the City prior to the issuance of permits. The City shall have thirty (30) business days from its receipt of the first submittal of the Plans and Specifications to approve or deny the Plans and Specifications or to provide comments to the submitter. If any approved Plans and Specifications are amended or supplemented, the City shall have thirty (30) business days from its receipt of such amended or supplemented Plans and Specifications to approve or deny the Plans and Specification or provide comments back to the submitter. Any written City approval or denial must be based on compliance with applicable City Regulations or other regulatory agencies that have jurisdiction over the Development.

(ii) Each Construction Agreement shall provide that the contractor is an independent contractor, independent of and not the agent of the City and that the Contractor is responsible for retaining, and shall retain, the services of necessary and appropriate architects and engineers; and

(iii) Each Construction Agreement for improvements not yet under construction shall provide that the Contractor shall indemnify the City, its officers and employees for any costs or liabilities thereunder and for the negligent acts or omissions of the Contractor.

(b) City's Role: Public Improvements, Drainage Improvements and City Improvements.

The City shall have no responsibility for the cost of planning, design, engineering construction, furnishing/equipping the Public Improvements, Drainage Improvements and City Improvements (before, during or after construction) except to the extent of the reimbursement the Actual Costs of the Public Improvements, Drainage Improvements and City Improvements as set forth in this Agreement. The Developer will not hold the City responsible for any costs of the Public Improvements, Drainage Improvements and City Improvements other than the reimbursements described in this Agreement. The City shall have no liability for any claims that may arise out of design or construction of the Public Improvements, Drainage Improvements and City Improvements, and the Developer shall cause all of its contractors, architects, engineers, and consultants to agree in writing that they will look solely to the Developer, not to the City, for payment of all costs and valid claims associated with construction of the Public Improvements, Drainage Improvements and City Improvements.

Section 8.03. Project Scope Verification.

(a) The Developer will from time to time, as reasonably requested by the City Representative, verify to the City Representative that the Public Improvements, Drainage Improvements and City Improvements are being constructed in accordance with the Plans and Specifications approved by the City. To the extent the City has concerns about such verification that cannot be answered by the Developer, to the City's reasonable satisfaction, the Developer will cause the appropriate architect, engineer or general contractor to consult with the Developer and the City regarding such concerns.

Section 8.04. Joint Cooperation; Access for Planning and Development.

During the planning, design, development and construction of the Public Improvements, Drainage Improvements and City Improvements, the parties agree to cooperate and coordinate with each other, and to assign appropriate, qualified personnel to this project. The City staff will make reasonable efforts to accommodate urgent or emergency requests during construction. In order to facilitate a timely review process, the Developer shall use commercially reasonable efforts to cause the architect, engineer and other design professionals to attend City meetings if requested by the City, such commercially reasonable efforts to include providing that such attendance is required in its contracts with the architect, engineer and other design professionals.

Section 8.05. City Not Responsible.

By performing the functions described in this Article, the City shall not, and shall not be deemed to, assume the obligations or responsibilities of the Developer, whose obligations under this Agreement and under Applicable Law shall not be affected by the City's exercise of the functions described in this Article. The City's review of any Plans and Specifications is solely for the City's own purposes, and the City does not make any representation or warranty concerning the appropriateness of any such Plans and Specifications for any purpose. The City's approval of (or failure to disapprove) any such Plans and Specifications, including the Concept Plan submitted with such Plans and Specifications and any revisions thereto, shall not render the City liable for same, and the Developer assumes and shall be responsible for any and all claims arising out of or from the use of such Plans and Specifications.

Section 8.06. Construction Standards and Inspection.

The Public Improvements, Drainage Improvements and City Improvements will be installed within the public right-of-way or in easements granted to the City. Such easements may be granted at the time of final platting in the final plat or by separate instrument. The Public Improvements, Drainage Improvements and City Improvements shall be constructed and inspected in accordance with applicable state law, and City Regulations, and all other applicable development requirements, including those imposed by any other governing body or entity with jurisdiction over the Public Improvements, Drainage Improvements and City Improvements, and this Agreement, provided, however, that if there is any conflict, the City Regulations of the governing body or entity with jurisdiction over the Public Improvement being constructed shall control.

Section 8.07. Public Improvements, Drainage Improvements and City Improvements to be Owned by the City – Title Evidence.

The Developer shall furnish to the City a preliminary title report for land with respect to the Public Improvements, Drainage Improvements and City Improvements, including any related rights-of-way, easements, and open spaces if any, to be acquired and accepted by the City or by any other governmental entity from the Developer and not previously dedicated or otherwise conveyed to the City, for review and approval at least 30 calendar days prior to the transfer of title of a Public Improvement to the City. The City Representative shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the exercise of reasonable judgment, the City Representative shall review the title report using their normal and customary review process for an easement and shall only object to matters in the title report if they would do so for any other easement granted directly to the City or to be obtained by the City for a public improvement. In the event the City Representative does not approve the preliminary title report, the City shall not be obligated to accept title to the Public Improvement until the Developer has cured such objections to title to the satisfaction of the City Representative.

Section 8.08. Public Improvement Constructed on City Land or the Property.

If the Public Improvement is on land owned by the City, the City hereby grants to the Developer a temporary easement to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Public Improvement. If the Public Improvement is on land owned by the Developer or a Subsequent Owner, the Developer shall dedicate easements by plat or cause such dedication by a Subsequent Owner, or shall execute and deliver to the City or cause such execution and delivery by the Subsequent Owner, such access and maintenance easements as the City may reasonably require in recordable form, and the Developer hereby grants or causes a Subsequent Owner to grant to the City a permanent access and maintenance easement by plat or separate instrument to enter upon such land for purposes related to inspection and maintenance of the Public Improvement. All easements must be acceptable to the City. The grant of the permanent easement shall not relieve the Developer of any obligation to grant, or cause the granting to the City, title to property and/or easements related to the Public Improvement as required by this Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Public Improvement. The provisions for inspection and acceptance of such Public Improvement otherwise provided herein shall apply.

Section 8.09. Additional Requirements.

In connection with the design and construction of the Public Improvements, Drainage Improvements and City Improvements, the Developer shall take or cause the following entities or persons to take the following actions and to undertake the following responsibilities:

(a) The Developer shall provide to the City electronic copies of the Plans and Specifications for the Public Improvements, Drainage Improvements and City Improvements (including revisions) as such Plans and Specifications are currently in existence and as completed

after the date hereof and shall provide the City one complete set of record drawings (in electronic format) for the Public Improvements, Drainage Improvements and City Improvements, in accordance with Applicable Law;

(b) In accordance with the requirements between the Developer and the City with regard to the development and construction of the Public Improvements, Drainage Improvements and City Improvements, the Developer or such person selected by and contracting with the Developer shall provide the City with a copy of the detailed construction schedule outlining the major items of work of each major construction contractor, and any revisions to such schedule;

(c) The Developer shall provide construction documents, including the Plans and Specifications to the City, signed and sealed by one or more registered professional architects or engineers licensed in the State of Texas at the time the construction documents are submitted to the City for approval;

(d) The Developer shall provide the City with reasonable advance notice of any scheduled construction meetings as set forth in the construction contracts for the Public Improvements, Drainage Improvements and City Improvements, and shall permit the City to attend and observe such meetings as the City so chooses in order to monitor the project;

(e) The Developer or any general contractor shall comply with, and shall require that its agents and subcontractors comply with, all Applicable Laws regarding the use, removal, storage, transportation, disposal and remediation of hazardous materials;

(f) The Developer or any general contractor shall notify and obtain the City's approval for all field changes that directly result in changes to the portion of the Plans and Specifications for the Public Improvements, Drainage Improvements and City Improvements that describe the connection of such improvements with City streets, storm sewers and utilities;

(g) Upon notice from the City, the Developer shall or shall cause any general contractor to promptly repair, restore or correct, on a commercially reasonable basis, all damage caused by the general contractor or its subcontractors to property or facilities of the City during construction of the Public Improvements, Drainage Improvements and City Improvements and to reimburse the City for out-of-pocket costs actually incurred by the City that are directly related to the City's necessary emergency repairs of such damage;

(h) Upon notice from the City, the Developer shall promptly cause the correction of defective work and shall cause such work to be corrected in accordance with the construction contracts for the Public Improvements, Drainage Improvements and City Improvements and with City Regulations;

(i) If the Developer performs any soils, construction and materials testing during construction of the Public Improvements, Drainage Improvements and City Improvements, the Developer shall make available to the City copies of the results of all such tests; and

(j) If any of the foregoing entities or persons shall fail to perform any of its obligations described above (or elsewhere under this Agreement), the Developer shall use its good faith efforts

to enforce such obligations against such entities or persons, or the Developer may cure any material failure of performance as provided herein; and

(k) The Developer shall provide any other information or documentation or services required by City Regulations; and

(l) The Developer shall allow the City Representative to conduct a reasonable pre-final and final inspection of the Public Improvements, Drainage Improvements and City Improvements. Upon acceptance by the City of the Public Improvements, Drainage Improvements and City Improvements, the City shall become responsible for the maintenance of the Public Improvements, Drainage Improvements and City Improvements and making any bond or warranty claim, if applicable.

Section 8.10. Revisions to Scope and Cost of Public Improvements, Drainage Improvements and City Improvements.

(a) The Public Improvement Project Costs, as set forth in Exhibit C, may be modified or amended from time to time upon the approval of the City Representative, provided that the total cost of the Public Improvements shall not exceed such amounts as set forth in the applicable SAP or the Project and Financing Plan. Should the Public Improvements be amended by the City Council in a SAP pursuant to the PID Act, the City Representative shall be authorized to make corresponding changes to the applicable Exhibits attached hereto and shall keep official record of such amendments.

(b) Should the Public Improvement Project Costs exceed the amounts set forth in the SAP, the Developer shall be responsible for such excess costs and such excess costs shall not be reimbursed by the City. The City shall only reimburse the Public Improvement Project Costs in the amounts set forth in the SAP.

(c) Any Actual Costs of the City Improvements in excess of the amounts set forth in the SAP or the TIRZ Project and Finance Plan shall not be subject to reimbursement to the Developer.

Section 8.11. City Police Powers.

The Developer recognizes the authority of the City pursuant to the Texas Constitution together with the City's charter and ordinances to exercise its police powers in accordance with Applicable Laws to protect the public health, safety, and welfare. The City retains its police powers over the Developer's or its general contractor's construction activities on or at the Property, and the Developer recognizes the City's authority to take appropriate enforcement action in accordance with Applicable Law to provide such protection. No lawful action taken by the City pursuant to these police powers shall subject the City to any liability under this Agreement, including without limitation liability for costs incurred by any general contractor or the Developer, and as between the Developer and the City, any such costs shall be the sole responsibility of the Developer and any of its general contractors and shall not be reimbursable from PID Bond Proceeds.

Section 8.12. Title and Mechanic's Liens.

(a) Title. The Developer agrees that the Public Improvements, Drainage Improvements and City Improvements shall not have a lien or cloud on title upon their dedication to and acceptance by the City.

(b) Mechanic's Liens. Developer shall not create nor allow or permit any liens, encumbrances, or charges of any kind whatsoever against the Public Improvements, Drainage Improvements and City Improvements arising from any work performed by any contractor by or on behalf of the Developer. The Developer shall not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against the Public Improvements, Drainage Improvements and City Improvements for work or materials furnished to the Developer in connection with any construction, improvements, renovation, maintenance or repair thereof made by the Developer or any contractor, agent or representative of the Developer. The Developer shall cause any such claim of lien to be fully discharged prior to the earlier of (i) the date of acceptance of the applicable Public Improvement by the City of the related Public Improvement or (ii) 180 days.

Section 8.13. City Consents.

Any consent or approval by or on behalf of the City required in connection with the design, construction, improvement or replacement of the Public Improvements, Drainage Improvements and City Improvements or otherwise under this Agreement shall not be unreasonably withheld, delayed, or conditioned. Any review associated with any determination to give or withhold any such consent or approval shall be conducted in a timely and expeditious manner with due regard to the cost to the Developer associated with delay.

Section 8.14. Right of the City to Make Inspection.

(a) At any time during regular business hours during the construction of the Public Improvements, Drainage Improvements and City Improvements, the City shall have the right to enter the Property for the purpose of inspection of the progress of construction on the Public Improvements, Drainage Improvements and City Improvements; provided, however, the City Representative shall comply with reasonable restrictions generally applicable to all visitors to the Development that are imposed by the Developer or its General Contractor or subcontractors. The Developer shall pay the standard City inspection fees or the City's cost for the retention of a third-party inspector, whichever is applicable.

(b) Inspection of the construction of all Public Improvements, Drainage Improvements and City Improvements shall be by the City Representative or his/her designee. In accordance with Sections 5.03, the Developer shall pay the inspection fee which may be included as a Public Improvement Project Cost.

(c) City may enter the Property in accordance with customary City procedures and Applicable Law to make any repairs or perform any maintenance of Public Improvements, Drainage Improvements and City Improvements which the City has accepted for maintenance. If, during construction of the Public Improvements, Drainage Improvements and City Improvements, the Developer is in default under this Agreement beyond any applicable cure period or in the event

of an emergency which is not being timely addressed, the City may enter the Property to make any repairs to the Public Improvements, Drainage Improvements and City Improvements that have not been accepted for maintenance by the City, of every kind or nature, which the Developer is obligated under this Agreement to repair or maintain but which the Developer has failed to perform after the City's written thirty (30)-day notice (other than in the case of an emergency in which notice is impossible or impractical). The Developer shall be obligated to reimburse the City the reasonable costs incurred by the City for any such repairs. Nothing contained in this paragraph shall be deemed to impose on the City any obligation to actually make repairs or alterations on behalf of the Developer.

Section 8.15. Competitive Bidding. The construction of the Public Improvements (which are funded from Assessments) is anticipated to be exempt from competitive bidding pursuant to Texas Local Government Code Section 252.022(a)(9). In the event that the Actual Costs of the Public Improvement do not meet the parameters for exemption from the competitive bid requirement, then either competitive bidding or alternative delivery method may be utilized by the Developer as allowed by Applicable Law.

ARTICLE IX

PAYMENT OF PUBLIC IMPROVEMENTS

Section 9.01. Overall Requirements.

(a) The City shall not be obligated to provide funds for any Public Improvement, except from the proceeds of the PID Bonds or from Assessments pursuant to a Reimbursement Agreement or TIRZ Revenues. The City makes no warranty, either express or implied, that the proceeds of the PID Bonds available for reimbursement of the Public Improvement Project Costs will be sufficient for the construction or acquisition of all of the Public Improvements or the City Improvements, to the extent applicable. Any costs of the Public Improvements in excess of the available PID Bond Proceeds or Assessments pursuant to a Reimbursement Agreement may be paid or reimbursed by the City from TIRZ Revenues up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. Any costs of the City Improvements in excess of the amounts set forth in the Service and Assessment Plan shall be reimbursed from TIRZ Revenues, up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. Any costs of the Drainage Improvements in excess of the City's \$5,000,000 shall be reimbursed from TIRZ Revenues, up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. The Developer acknowledges and agrees that any lack of availability of monies in the Project Funds established under the Indentures to reimburse the costs of the Public Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Public Improvements required by this Agreement, or any other agreement to which the Developer is a party, or any governmental approval to which the Developer or Property is subject.

(b) The City's obligation with respect to the reimbursement from Assessments of the Public Improvement Project Costs as finally set forth in the Service and Assessment Plan, shall be limited to the lower of Actual Costs or the available Net PID Bond Proceeds or Assessment revenues, and shall be reimbursed solely from amounts on deposit in the Project Funds from the sale of the PID Bonds as provided herein and in the Indentures, or from Assessments collected for

the reimbursement or payment of such costs pursuant to Reimbursement Agreement. The Developer agrees and acknowledges that it is responsible for all costs and all expenses related to the Public Improvements in excess of the Project Cost Cap.

(c) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment. Any such loss may diminish the amounts available in the Project Fund to reimburse the Public Improvement Project Costs in the PID. The obligation of Developer to pay the Assessments is not in any way dependent on the availability of amounts in the Project Fund to pay for all or any portion of the Public Improvements Project Costs hereunder.

Section 9.02. Remaining Funds after Completion of a Public Improvement.

The Service and Assessment Plan shall be updated or amended, as applicable, such that the costs of the Public Improvements in the SAP match the costs set forth in the applicable construction contracts; provided that such adjustment of the SAP does not affect the benefit analysis. Then, after the Completion of Construction of a Public Improvement payment or reimbursement for such Public Improvement, there are Cost Underruns, any remaining budgeted cost(s) may be available to reimburse Cost Overruns on any other Public Improvement with the approval of the City Representative, such approval not to be unreasonably withheld, at completion of the Public Improvements in the PID (or in each PID Phase, if applicable) as set forth in the Service and Assessment Plan, are undertaken at least in part. The elimination of a category of Public Improvements as set forth in the Service and Assessment Plan will require an amendment to the Service and Assessment Plan. Upon receipt of all acceptance letters from the City for the Public Improvements within an improvement category as set forth in the Service and Assessment Plan, any Underruns from that category may be released to reimburse for Overruns in another improvement category, as approved by the City.

Section 9.03. Payment Process for Public Improvements.

(a) The City shall authorize reimbursement of the Public Improvement Project Costs from (i) PID Bond Proceeds or from (ii) Assessments collected in the PID as set forth in 9.04 below. The Developer shall submit a Payment Certificate to the City for Public Improvement Project Costs. The form of the Payment Certificate is set forth in Exhibit F, as may be modified by the applicable Indenture or Reimbursement Agreement. The City shall review the sufficiency of each Payment Certificate with respect to compliance with this Agreement, compliance with the City Regulations, the Concept Plan and Applicable Law, and compliance with the applicable SAP and Plans and Specifications within thirty (30) days of receipt from the Developer. After review, the City shall send notice to the Developer of what is approved in each Payment Certificate and what is denied and will notify Developer of additional documentation needed to resolve disputes related to the portions that are not approved. Approved costs in a Payment Certificate shall be forwarded for payment in a timely manner and the City will work with the Developer to resolve amounts not approved in each Payment Certificate.

(b) The City shall reimburse the Public Improvement Project Costs as set forth in Exhibit C and the SAP, from funds available pursuant to the applicable Indenture or Reimbursement Agreement.

(c) Reimbursement to the Developer and the City for administrative costs relating to the creation of the PID, the levy of assessments and issuance of the PID Bonds may be distributed at closing of the applicable series of PID Bonds pursuant to a Closing Disbursement Request, in the form attached as Exhibit G.

Section 9.04. Public Improvements Reimbursement from Assessment Fund In the Event of a Non-Issuance of PID Bonds.

(a) The reimbursement for costs of the Public Improvements set forth in Exhibit-C and in the Service and Assessments Plan may be made on an annual basis from Assessments levied by the City for the Public Improvements pursuant to Chapter 372, Texas Local Government Code, as amended, if requested by the Developer and agreed to by the City. Such reimbursement shall be made pursuant to the terms and provisions of one or more Reimbursement Agreements. Such Reimbursement Agreements shall set forth the terms of the annual reimbursement for the costs of the Public Improvements.

(b) Reimbursement or payment of the costs of the Public Improvements, shall only be made from the levy of Assessments within the PID, as set forth herein.

(c) The term, manner and place of payment or reimbursement to the Developer under this Section shall be set forth in the Reimbursement Agreement.

(d) Reimbursement or payment shall be made only for the costs of the Public Improvements as set forth in this Agreement, the Service and Assessment Plan or in a Reimbursement Agreement, as approved by the City. Any additional public improvements other than the Public Improvements constructed by the Developer and dedicated to the City, shall not be subject to payment or reimbursement under the terms of this Agreement.

Section 9.05. Rights to Audit.

(a) The City shall have the right to audit, upon reasonable notice and at the City's own expense, records of the Developer with respect to the expenditure of funds to pay Public Improvement Project Costs. Upon written request by the City, the Developer shall give the City or its agent, access to those certain records controlled by, or in the direct or indirect possession of, the Developer (other than records subject to legitimate claims of attorney-client privilege) with respect to the expenditure of Public Improvement Project Costs, and permit the City to review such records in connection with conducting a reasonable audit of such fund and account. The Developer shall make these records available to the City electronically or at a location that is reasonably convenient for City staff.

(b) The City and the Developer shall reasonably cooperate with the assigned independent auditors (internal or external) in this regard, and shall retain and maintain all such records for at least 2 years from the date of Completion of Construction of the Public

Improvements. All audits must be diligently conducted and once begun, no records pertaining to such audit shall be destroyed until such audit is completed.

ARTICLE X

REPRESENTATIONS AND WARRANTIES

Section 10.01. Representations and Warranties of City.

The City makes the following representation and warranty for the benefit of the Developer:

(a) Due Authority; No Conflict. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act). The City has all requisite power and authority to execute this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the City and constitute legal, valid and binding obligations enforceable against the City in accordance with the terms subject to principles of governmental immunity and the enforcement of equitable rights. The consummation by the City of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any of the terms of any agreement or instrument to which the City is a Party, or by which the City is bound, or of any provision of any applicable law, ordinance, rule or regulation of any Governmental Authority or of any provision of any applicable order, judgment or decree of any court, or Governmental Authority.

(b) Due Authority; No Litigation. No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the construction of or the Public Improvements, Drainage Improvements and City Improvements or the City's payment and reimbursement obligations under this Agreement, or otherwise contesting the powers of the City or the authorization of this Agreement or any agreements contemplated herein.

Section 10.02. Representations and Warranties of Developer.

The Developer makes the following representations, warranties and covenants for the benefit of the City:

(a) Due Organization and Ownership. The Developer is a Texas limited liability company validly existing under the laws of the State of Texas and is duly qualified to do business in the State of Texas; and that the person executing this Agreement on behalf of it is authorized to enter into this Agreement.

(b) Due Authority; No Conflict. The Developer has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the Developer and constitute the Developer's legal, valid and binding obligations enforceable against the Developer in accordance with their terms. The consummation by the Developer of the transactions contemplated hereby is not in violation of

Or in conflict with, nor does it constitute a default under, any term or provision of the organizational documents of the Developer, or any of the terms of any agreement or instrument to which the Developer is a Party, or by which the Developer is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, or Governmental Authority.

(c) Consents. No consent, approval, order or authorization of, or declaration or filing with any Governmental Authority is required on the part of the Developer in connection with the execution and delivery of this Agreement or for the performance of the transactions herein contemplated by the respective Parties hereto.

(d) Litigation/Proceedings. To the best knowledge of the Developer, after reasonable inquiry, there are no pending or, to the best knowledge of the Developer, threatened, judicial, municipal or administrative proceedings, consent decree or, judgments which might affect the Developer's ability to consummate the transaction contemplated hereby, nor is there a preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and there is no statute, rule, regulation, or executive order promulgated or enacted by a governmental entity, that is in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

(e) Legal Proceedings. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the knowledge of the Developer, threatened against or affecting the Developer, any of the principals of the Developer and any key person or their respective Affiliates and representatives which the outcome of which would (a) materially and adversely affect the validity or enforceability of, or the authority or ability of the Developer under, this Agreement to perform its obligations under this Agreement; or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Developer or on the ability of the Developer to conduct its business as presently conducted or as proposed or contemplated to be conducted.

ARTICLE XI

MAINTENANCE OF CERTAIN IMPROVEMENTS

Section 11.01. Property Owners' Association.

(a) The Developer will create a property owners' association ("POA") over the property in the PID, which POA, through its conditions and restrictions filed of record in the property records of Harris County, shall be required to assess and collect from owners annual fees in an amount calculated to maintain the open spaces, common areas, right-of-way irrigation systems, raised medians and other right-of-way landscaping, detention areas, drainage areas, screening walls, trails, lawns, landscaped entrances to the Development and any other common improvements or appurtenances (the "POA Maintained Improvements"). Maintenance of any POA Maintained Improvements on land owned by the City shall be pursuant to a maintenance agreement between the POA and the City (the "POA Maintenance Agreement").

(b) While the Parties anticipate that the POA established to maintain and operate the POA Maintained Improvements, will adequately perform such duties, in the event that the City determines that the POA is not adequately performing the duties for which it was created, which non-performance shall be evidenced by violations of the POA Maintenance Agreement, applicable deed restrictions and/or applicable City ordinances, the City reserves the right to levy an assessment each year equal to the actual costs of operating and maintaining the POA Maintained Improvements that are owned by the City. The City agrees that it will not levy such assessments without first giving the POA written notice of the deficiencies and providing the POA with sixty (60) days in which to cure the deficiencies.

(c) The City may review the covenants, conditions and restrictions for the POA prior to their filing and such covenants, conditions and restrictions must be filed with the final plat, prior to the City's acceptance of any Public Improvements, Drainage Improvements and City Improvements to be maintained by the POA.

ARTICLE XII

TERMINATION EVENTS

Section 12.01. Developer Termination Events.

(a) The Developer may terminate this Agreement (i) upon an Event of Default by the City, or (ii) in the event the City does not create the PID and approve the TIRZ Project and Finance Plan, or levy Assessments and issue PID Bonds pursuant to this Agreement.

Section 12.02. City Termination Events.

(a) The City may terminate this Agreement with respect to the applicable PID Phase and any remaining PID Phase, upon an uncured Event of Default by the Developer pursuant to Article XV herein.

(b) The City may terminate this Agreement, (i) if Commencement of Construction of the private horizontal improvements within the Development has not occurred within three (3) years of the Effective Date, or (ii) if the Development is divided into PID Phases, no Commencement of Construction has begun in a PID Phase within one (1) year of completion of the Public Improvements, Drainage Improvements and City Improvements in the prior PID Phase.

Section 12.03. Termination Procedure.

If either Party determines that it wishes to terminate this Agreement pursuant to this Article, such Party must deliver a written notice to the other Party specifying in reasonable detail the basis for such termination and electing to terminate this Agreement. Upon such a termination, the Parties hereto shall have no duty or obligation one to the other under this Agreement, with the exception of any of Developer's Public Improvement Project Costs that were previously advanced or incurred as of the date of termination, provided that a Payment Certificate for such Public Improvement Project Costs is submitted within ninety (90) days of the termination and is approved by the City pursuant to its normal and usual process for approving such Payment Certificate. The City must approve such Payment Certificate within thirty (30) days or submit to the Developer its

objections/issues with such Payment Certificate and reasonably consult with the Developer to cure any insufficiencies in the Payment Certificate within an additional thirty (30) days.

Section 12.04. City Actions Upon Termination.

Upon termination the Developer shall have no claim or right to any further payments for Public Improvements Project Costs pursuant to this except that, (i) any Public Improvements completed and accepted by the City or (ii) Public Improvement Project Costs submitted pursuant to a Payment Certificate and approved by the City shall still be subject to reimbursement. Any Public Improvement Project Costs submitted to the City but still under review at the time of termination of this Agreement may be paid if subsequently approved by the City.

ARTICLE XIII

TERM

This Agreement shall terminate upon the earlier of (i) the expiration of ten (10) years from the Effective Date, (ii) the date upon which the City and Developer discharge their obligations herein including construction of the Public Improvements and payment of or reimbursement for the Public Improvement Project Costs (up to the Project Cost Cap), the Actual Costs of the Drainage Improvements or Actual Costs of the City Improvements, pursuant to this Agreement, as may be modified by the SAP or the TIRZ Project and Finance Plan, or (ii) the occurrence of a termination event under Article XII. Provided, however, that to the extent PID Bonds have been issued for a PID Phase, the use of the City Tax Increment to subsidize Assessments shall continue, as set forth in the applicable SAP, until such PID Bonds are discharged, and to the extent the TIRZ obligations remain outstanding, the use of TIRZ Revenues shall continue, as set forth in the TIRZ project and Finance Plan and this Agreement, until such TIRZ obligations are discharged.

ARTICLE XIV

DEFAULT AND REMEDIES

Section 14.01. Developer Default.

Each of the following events shall be an "Event of Default" by the Developer under this Agreement:

(a) The Developer shall fail to pay to the City any monetary sum hereby required of it as and when the same shall become due and payable and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given by the City to the Developer, as provided in this Agreement. The Developer shall fail in any material respect to maintain any of the insurance or bonds required by this Agreement; provided, however, that if a contractor fails to maintain any of the insurance or bonds required by this Agreement, the Developer shall have thirty (30) calendar days to cure.

(b) The Developer shall fail to comply in any material respect with any term, provision or covenant of this Agreement (other than the payment of money to the City), and shall not cure

such failure within ninety (90) calendar days after written notice thereof is given by the City to the Developer;

(c) The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors, rights;

(d) The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;

(e) The entering of an order for relief against Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days;

(f) The failure by Developer or any Affiliate to pay Impositions, and Assessments on property owned by the Developer and/or any Affiliates within the PID if such failure is not cured within thirty (30) calendar days after written notice by the City; provided, however, Developer or any Affiliate may follow legal procedures to protest or contest their taxable appraised value.

(g) Any representation or warranty confirmed or made in this Agreement by the Developer was untrue as of the Effective Date; or

Section 14.02. Notice and Cure Period.

(a) Before any Event of Default under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such Event of Default shall notify, in writing, the Party alleged to have failed to perform the alleged Event of Default and shall demand performance (with the exception of 14.01(f) above). Except with respect to cure periods set forth in 14.01 above, which shall be controlling, no breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) calendar days of the receipt of such notice (or thirty (30) calendar days in the case of a monetary default), with completion of performance within ninety (90) calendar days.

(b) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed by Force Majeure, the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing Force Majeure events shall deliver written notice of the commencement of any such delay resulting from such Force Majeure event and the length of the Force Majeure event is reasonably expected to last not later than fourteen (14) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a Force Majeure event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article. The number of days a Force Majeure event is in effect shall be determined by the City based upon commercially reasonable standards.

Section 14.03. City's Remedies.

With respect to the occurrence of an Event of Default the City may pursue the following remedies:

(a) The City may pursue any legal or equitable remedy or remedies, including, without limitation, specific performance, damages, (excluding punitive, special, or consequential damages) and termination of this Agreement. The City shall not terminate this Agreement unless it delivers to the Developer a second notice expressly providing that the City will terminate within thirty (30) additional days. Termination or non-termination of this Agreement upon a Developer Event of Default shall not prevent the City from suing the Developer for specific performance, damages, actual damages, (excluding punitive, special, or consequential damages), injunctive relief or other available remedies with respect to obligations that expressly survive termination. In the event the Developer fails to pay any of the expenses or amounts or perform any obligation specified in this Agreement, then to the extent such failure constitutes an Event of Default hereunder, the City may, but shall not be obligated to do so, pay any such amount or perform any such obligations and the amount so paid and the reasonable out of pocket costs incurred by the City in said performance shall be due and payable by the Developer to the City within thirty (30) days after the Developer's receipt of an itemized list of such costs.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 14.04. City Default.

Each of the following events shall be an Event of Default by the City under this Agreement:

(a) So long as the Developer has complied with the terms and provisions of this Agreement, the City shall fail to pay to the Developer any monetary sum hereby required of it and shall not cure such default within ninety (90) calendar days after the later of the date on which written notice thereof is given to the City by the Developer.

(b) The City shall fail to comply in any material respect with any term, provision or covenant of this Agreement, other than the payment of money, and shall not cure such failure within sixty (60) calendar days after written notice thereof is given by the Developer to the City.

Section 14.05. Developer's Remedies.

(a) Upon the occurrence of any Event of Default by the City, the Developer may pursue any legal or equitable remedy or remedies specifically including damages as set forth below (specifically excluding punitive, special, or consequential damages), and termination of this Agreement; provided, however, that the Developer shall have no right to terminate this Agreement unless the Developer delivers to the City a second notice which expressly provides that the Developer will terminate within thirty (30) days if the default is not addressed as herein provided.

(b) No remedy herein conferred or reserved is intended to be inclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 14.06. No Waiver of Immunity.

(a) Nothing contained in this Agreement shall be deemed to waive the City's governmental immunity nor the official immunity of any City officer, official, employee or agent.

(b) Should a court of competent jurisdiction determine the City's immunity from suit is waived in any manner other than as provided in Subchapter I of Chapter 271, Texas Local Government Code, as amended, the Parties hereby acknowledge and agree that in such suit against the City for breach of this Agreement:

(i) The total amount of money awarded is limited to actual damages in an amount not to exceed the balance due and owed by City under this Agreement or any Reimbursement Agreement and is payable solely from Assessment revenues or TIRZ revenues;

(ii) The recovery of damages against City or the Developer may not include punitive, damages, special damages, or consequential damages; and

(iii) The Parties may not recover attorney's fees.

Section 14.07. Limitation on Damages.

In no event shall any Party have any liability under this Agreement for any exemplary or consequential damages.

Section 14.08. Waiver.

Forbearance by the non-defaulting Party to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default by the other Party shall not be deemed or construed to constitute a waiver of such default. One or more waivers of a breach of any covenant, term or condition of this Agreement by either Party hereto shall not be construed by the other Party as a waiver of a different or subsequent breach of the same covenant, term or condition. The consent or approval of either Party to or of any act by the other Party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary the consent to or approval of any other subsequent similar act.

ARTICLE XV

INSURANCE, INDEMNIFICATION AND RELEASE

Section 15.01. Insurance.

With no intent to limit any contractor's liability or obligation for indemnification, the Developer shall maintain or cause to be maintained, by the persons constructing the Public Improvements, certain insurance, as provided below in full force and effect at all times during construction of the Public Improvements and shall require that the City is named as an additional insured under such contractor's insurance policies.

(a) With regard to the obligations of this Agreement, the Developer shall obtain and maintain in full force and effect at its expense, or shall cause each contractor to obtain and maintain at their expense, the following policies of insurance and coverage:

(i) Commercial general liability insurance insuring the City, contractor and the Developer against liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of the activities of Developer, the contractor, the City and their respective officers, directors, agents, contractors, or employees, in the amount of \$1,000,000 Per Occurrence or a limit equal to the amount of the contract amount, \$2,000,000 General Aggregate Bodily Injury and Property Damage. The contractor may procure and maintain a Master or Controlled Insurance policy to satisfy the requirements of this section, which may cover other property or locations of the contractor and its affiliates, so long as the coverage required in this section is separate;

(ii) Worker's Compensation insurance as required by law;

(iii) Business automobile insurance covering all operations of the contractor pursuant to the Construction Agreement involving the use of motor vehicles, including all owned, non-owned and hired vehicles with minimum limits of not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury, death and property damage liability.

(iv) To the extent available, each policy shall be endorsed to provide that the insurer waives all rights of subrogation against the City;

(v) Each policy of insurance with the exception of Worker's Compensation and professional liability shall be endorsed to include the City (including its former, current, and future officers, directors, agents, and employees) as additional insureds;

(vi) Each policy, with the exception of Worker's Compensation and professional liability, shall be endorsed to provide the City sixty (60) days' written notice prior to any cancellation, termination or material change of coverage; and

(vii) The Developer shall cause each contractor to deliver to the City the policies, copies of policy endorsements, and/or certificates of insurance evidencing the required insurance coverage before the Commencement of Construction of the Public

Improvements and within 10 days before expiration of coverage, or as soon as practicable, deliver renewal policies or certificates of insurance evidencing renewal and payment of premium. On every date of renewal of the required insurance policies, the contractor shall cause a Certificate of Insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition the contractor shall within ten (10) business days after written request provide the City with the Certificates of Insurance and policy endorsements for the insurance required herein (which request may include copies of such policies).

Section 15.02. Waiver of Subrogation Rights.

The Commercial General Liability, Worker's Compensation, Business Auto and Excess Liability Insurance required pursuant to this Agreement shall provide for waivers of all rights of subrogation against the City.

Section 15.03. Additional Insured Status.

With the exception of Worker's Compensation Insurance and any Professional Liability Insurance, all insurance required pursuant to this Agreement shall include and name the City as additional insureds using Additional Insured Endorsements that provide the most comprehensive coverage to the City under Texas law including products/completed operations.

Section 15.04. Certificates of Insurance.

Certificates of Insurance and policy endorsements in a form satisfactory to City shall be delivered to City prior to the commencement of any work or services on the Public Improvements. All required policies shall be endorsed to provide the City with sixty (60) days advance notice of cancellation or non-renewal of coverage. The Developer shall provide sixty (60) days written notice of any cancellation, non-renewal or material change in coverage for any of the required insurance in this Article.

On every date of renewal of the required insurance policies, the Developer shall cause (and cause its contractors) to provide a certificate of insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition, the Developer shall, within ten (10) business days after written request, provide the City with certificates of insurance and policy endorsements for the insurance required herein (which request may include copies of such policies). The delivery of the certificates of insurance and the policy endorsements (including copies of such insurance policies) to the City is a condition precedent to the payment of any amounts to the Developer by the City.

Section 15.05. Carriers.

All policies of insurance required to be obtained by the Developer and its contractors pursuant to this Agreement shall be maintained with insurance carriers that are satisfactory to and as reasonably approved by City, and lawfully authorized to issue insurance in the state of Texas for the types and amounts of insurance required herein. All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated at least "A" by AM Best or other equivalent rating service. All policies must be written on a primary basis, non-

contributory with any other insurance coverage and/or self-insurance maintained by the City. All insurance coverage required herein shall be evidenced by a certificate of insurance and policy endorsements submitted by the Developer's and its contractors' insurer or broker. Certificates of insurance and policy endorsements received from any other source will be rejected.

Section 15.06. INDEMNIFICATION.

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE CITY AND ITS RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, FINES, PENALTIES, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM OR VIOLATIONS FOR WHICH RECOVERY OF DAMAGES, FINES, OR PENALTIES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS, THAT MAY ARISE OUT OF OR BE OCCASIONED BY DEVELOPER'S ACT OR OMISSION, INCLUDING BUT NOT LIMITED TO BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS CONTRACT, VIOLATIONS OF LAW, ANY ACT OR OMISSION, INCLUDING BUT NOT LIMITED TO ANY NEGLIGENT, GROSSLY NEGLIGENT, INTENTIONAL, OR STRICTLY LIABLE ACT OR OMISSION OF THE CONTRACTOR, ITS OFFICERS, AGENTS, EMPLOYEES, INVITEES, OR SUBCONTRACTORS, AND THEIR RESPECTIVE OFFICERS, AGENTS, OR REPRESENTATIVES, OR ANY OTHER PERSONS OR ENTITIES FOR WHICH THE CONTRACTOR IS LEGALLY RESPONSIBLE IN THE PERFORMANCE OF THIS CONTRACT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF THE CITY, AND ITS OFFICERS, AGENTS, EMPLOYEES OR SEPARATE CONTRACTORS. THE CITY DOES NOT WAIVE ANY GOVERNMENTAL IMMUNITY OR OTHER DEFENSES AVAILABLE TO IT UNDER TEXAS OR FEDERAL LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.

DEVELOPER AT ITS OWN EXPENSE IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS. CITY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, CITY IS UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY CITY IS NOT TO BE CONSTRUED AS A WAIVER OF

DEVELOPER'S OBLIGATION TO DEFEND CITY OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY CITY PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF CITY'S WRITTEN NOTICE THAT CITY IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN THE REQUIRED TIME PERIOD, CITY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF AND DEVELOPER SHALL BE LIABLE FOR ALL COSTS INCURRED BY THE CITY.

ARTICLE XVI

GENERAL PROVISIONS

Section 16.01. Notices.

Any notice, communication or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile or other electronic transmittal, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses set forth below or at such other addresses as may be specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purpose at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses:

To the City:	City Manager 910 S. Friendswood Dr. Friendswood, Texas 77546
To the Developer:	Attn: Louis Tannos Madison Development Corp., LLC 505 S. Friendswood Dr., Suite 119 Friendswood, Texas 77546
And to:	Attn: Russell Handy Wolfgramm Capital 1410 East Winding Way, Suite E Friendswood, Texas 77546

With a copy to: Attn: Ross Martin
 Winstead PC
 2728 N. Harwood St., Suite 500
 Dallas, Texas 75201

Section 16.02. Make-Whole Provision.

(a) If in any calendar year the City issues debt obligations that would be qualified tax-exempt obligations but for the issuance or proposed issuance of PID Bonds, the Developer shall pay to the City a fee (the "PID Bond Fee") to compensate the City for the interest savings the City would have achieved had the debt issued by the City been qualified tax-exempt obligations. Prior to issuance of any PID Bonds, the City's financial advisor shall calculate the PID Bond Fee based on the issued and planned debt issuances for the City and shall notify the Developer of the total amount of the PID Bond Fee prior to the issuance of the PID Bonds. The Developer agrees to pay the PID Bond Fee to the City within ten (10) business days after receiving notice from the City of the amount of PID Bond Fee due to the City. If the City has not forgone the ability to issue a series of obligations as qualified tax exempt obligations, the PID Bond Fee shall be held in a segregated account of the City and if the total amount of debt obligations sold or entered into by the City in the calendar year in which the PID Bonds are issued are less than the bank qualification limits (currently \$10 million per calendar year), then the PID Bond Fee shall be returned to the Developer. The City shall not be required to sell any series of PID Bonds until the Developer has paid the estimated PID Bond Fee.

(b) If the City is planning to issue debt obligations as qualified tax exempt obligations prior to the issuance of PID Bonds in any calendar year, the City may (but is not obligated to) notify the Developer that it is planning to issue qualified tax-exempt obligations that may limit the amount of debt that the City can issue in a calendar year. In connection with the delivery of such notice, the City's financial advisor shall provide a calculation of the interest savings that the City would achieve by issuing the obligations the City plans to issue in the year as qualified tax-exempt obligations as opposed to non-qualified tax-exempt obligations. If following the receipt of such notice the Developer asks the City to forego designating the obligations as qualified tax-exempt obligations in order to preserve capacity for PID Bonds, the Developer shall pay to the City a fee to compensate the City for the interest savings the City would have achieved had the debt issued by the City been qualified tax-exempt obligations. The Developer agrees to pay the PID Bond Fee to the City within ten (10) business days after receiving notice from the City of the amount of PID Bond Fee due to the City. Upon receipt of the PID Bond Fee, the City agrees not to designate the obligations planned for issuance as qualified tax-exempt obligations. Such payment is compensation to the City for choosing to forego the designation of obligations as qualified tax-exempt obligations, and the PID Bond Fee may be used for any lawful purpose of the City.

Section 16.03. Assignment.

(a) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. The obligations, requirements or covenants to develop the Property, including construction of the Public Improvements may be assigned to any Affiliate thereof without the prior written consent of the City. The obligations, requirements or covenants to the

development of the Property, including construction of the Public Improvements shall not be assigned to any non-Affiliate without the prior written consent of the City Manager, which consent shall not be unreasonably withheld if the assignee demonstrates the financial ability to perform in the reasonable judgment of the City Manager. Each assignment shall be in writing executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title or interests being assigned. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the City approves the release in writing. Developer shall maintain written records of all assignments made by Developer to Assignee, including a copy of each executed assignment and the Assignee's notice information as required by this Agreement, and, upon written request from the City, any Party or Assignee, shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer or other conveyance of any interest in this Agreement or the Property. The City shall not be required to make any representations with respect to any assignment.

(b) Developer may assign any receivables or revenues due pursuant to this Agreement or any Reimbursement Agreement to a third party without the consent of, but upon written notice to the City. Provided, however, that notwithstanding the above, the City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or make any representations with respect thereto.

(c) The Developer and assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of (a) their respective lenders without the consent of, but with prompt written notice to, the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender's interest, including notice information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement within thirty (30) days written notice to the lender. A lender is not a party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property, except an end-user property owner, shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured. The City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or make any representations or execute any document with respect thereto.

(d) The City shall not be required to acknowledge the receipt of any Assignment by the Developer; however, to the extent the City does acknowledge receipt of any assignment pursuant to this Section, such acknowledgment does not evidence the City's agreement, acceptance or

acknowledgment of the content of the assignment documents or any rights accruing thereunder; it is solely an acknowledgment of receipt of the notice via mail, express mail or email.

(e) The City does not and shall not consent to nor participate in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement or any Reimbursement Agreement.

Section 16.04. Table of Contents; Titles and Headings.

The titles of the articles, and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 16.05. Entire Agreement; Amendment.

This Agreement is the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the Parties that in any manner relates to the subject matter of this Agreement. This Agreement may only be amended by a written agreement executed by all Parties.

Section 16.06. Time.

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

Section 16.07. Counterparts.

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

Section 16.08. Severability; Waiver.

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

Any failure by a Party to insist upon strict performance by the other party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

Section 16.09. No Third-Party Beneficiaries.

The City and the Developer intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any third party beneficiary, or any individual or entity other than the City, the Developer or assignees of such Parties.

Section 16.10. Notice of Assignment. Developer shall not transfer any portion of the Property prior to the levy of Assessments, except as provided in Section 3.05. Subject to Section 16.03 herein, the requirements set forth below shall apply in the event that the Developer sells, assigns, transfers or otherwise conveys the Property or any part thereof and/or any of its rights, benefits or obligations under this Agreement. Developer must provide the following:

- (a) within 30 days after the effective date of any such sale, assignment, transfer, or other conveyance, the Developer must provide written notice of same to the City;
- (b) the Notice must describe the extent to which any rights or benefits under this Agreement have been sold, assigned, transferred, or otherwise conveyed;
- (c) the Notice must state the name, mailing address, and telephone contact information of the person(s) acquiring any rights or benefits as a result of any such sale, assignment, transfer, or other conveyance;
- (d) the Notice must be signed by a duly authorized person representing the Developer and a duly authorized representative of the person that will acquire any rights or benefits as a result of the sale, assignment transfer or other conveyance.

Section 16.11. No Joint Venture.

Nothing contained in this Agreement or any other agreement between the Developer and the City is intended by the Parties to create a partnership or joint venture between the Developer, on the one hand, and the City on the other hand and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint either Party as an agent of the other for any purpose whatsoever. Neither Party shall in any way assume any of the liability of the other for acts of the other or obligations of the other. Each Party shall be responsible for any and all suits, demands, costs or actions proximately resulting from its own individual acts or omissions.

Section 16.12. Estoppel Certificates. From time to time within fifteen (15) business days of a written request of the Developer or any future Developer, and upon the payment of a \$100.00 fee to the City, the Mayor, or his/her designee is authorized, in his official capacity and to his reasonable knowledge and belief, to execute a written estoppel certificate in form approved by the City Attorney, identifying any obligations of a Developer under this Agreement that are in default. No other representations in the Estoppel shall be made by the City.

Section 16.13. Independence of Action.

It is understood and agreed by and among the Parties that in the design, construction and development of the Public Improvements and any of the related improvements described herein,

and in the Parties' satisfaction of the terms and conditions of this Agreement, that each Party is acting independently, and the City assumes no responsibility or liability to any third parties in connection to the Developer's obligations hereunder.

Section 16.14. Compliance with Disclosure Program. The Developer shall comply with the Disclosure Program attached hereto as Exhibit H.

Section 16.15. Limited Recourse.

No officer, director, employee, agent, attorney or representative of the Developer shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder. No elected official of the City and no agent, attorney or representative of the City shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder.

Section 16.16. Exhibits.

All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 16.17. No Consent to Third Party Financing.

The City does not and shall not consent to nor participate in any way in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement or any Reimbursement Agreement.

Section 16.18. Survival of Covenants.

Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

Section 16.19. No Acceleration.

All amounts due pursuant to this Agreement and any remedies under this Agreement are not subject to acceleration.

Section 16.20. Conditions Precedent.

This Agreement is expressly subject to, and the obligations of the Parties are conditioned upon the City levy of the Assessments or approval of a Reimbursement Agreement.

Section 16.21. No Reduction of Assessments.

Following the issuance of each series of PID Bonds, the Developer agrees not to take any action or actions to reduce the total amount of the Assessments levied in payment of such PID Bonds.

Section 16.22. Recording Fees.

Any fees associated with the recording of documents in the real property records of Harris County in order to give initial notice of the Assessments or made pursuant to the Act, shall be paid by the Developer. Ongoing recording in the real property records of Harris County of updates to the Service and Assessment Plan shall be paid as an administrative expense of the PID.

Section 16.23. Anti-Boycott Verification.

The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 16.23 shall survive termination of the Agreement until the statute of limitations has run.

Section 16.24. Iran, Sudan and Foreign Terrorist Organizations

The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 16.24 shall survive termination of the Agreement until the statute of limitations has run.

Section 16.25. Governing Law.

The Agreement shall be governed by the laws of the State of Texas without regard to any choice of law rules; and venue for any action concerning this Agreement and the Reimbursement Agreement shall be in the State District Court of Harris County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

Section 16.26. Petroleum.

The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the Issuer to comply with such Section. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 16.26 shall survive termination of the Agreement until the statute of limitations has run.

Section 16.27. Firearms.

The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Agreement against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Issuer to comply with such Section. As used in the foregoing verification, ‘discriminate against a firearm entity or firearm trade association: (a) means, with respect to the firearm entity or firearm trade association, to: (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (b) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association. As used in the foregoing verification, (a) ‘firearm entity’ means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government

Code), and (c) 'firearm trade association' means a person, corporation, unincorporated association, federation, business league, or business organization that: (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual); (ii) has two or more firearm entities as members; and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Developer understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 16.27 shall survive termination of the Agreement until the statute of limitations has run.

Section 16.28. Conflict.

In the event of any conflict between this Agreement and any Indenture authorizing the PID Bond, the Indenture controls. In the event of any conflict between this Agreement and the Reimbursement Agreement, the Reimbursement Agreement shall control, except that in all cases, Applicable Law shall control.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

CITY OF FRIENDSWOOD

By:

Name:

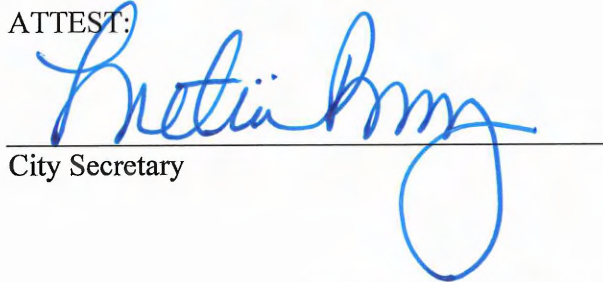


Morad Kabiri

Title:

City Manager

ATTEST:



City Secretary



[SIGNATURES CONTINUE ON NEXT PAGE]

DEVELOPER

Madison Development Corp

a LLC

By: _____

Name: _____

Title: _____

Date: _____

STATE OF TEXAS

§

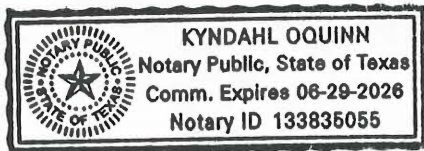
§

COUNTY OF Galveston

§

BEFORE ME, the undersigned authority, on this day personally appeared Louis Tannos, known to me to be one of the persons whose names are subscribed to the foregoing instrument; he/she acknowledged to me that he/she is the President and duly authorized representative of Madison Dev. Corp. an LLC, and that he/she executed said instrument for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 18 day of January, 2024.



Kyndahl Oquinn
Notary Public, State of Texas

My Commission Expires: 6-29-2026

EXHIBIT A

PROPERTY DESCRIPTION



METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 106.472 acres (4,637,900 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being the residue of a called 135.778 acre tract of land conveyed to Clear Creek Community Church as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. 20150231965; said 106.472 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of $09^{\circ}41'36''$, and a chord which bears North $76^{\circ}21'49''$ East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South $07^{\circ}56'$ East, 0.69 feet;

THENCE, North $81^{\circ}12'37''$ East, along said southerly R.O.W. line, at 90.40 feet passing a 5/8-inch iron rod found marking the northeast corner of said Restricted Reserve "A", continuing in all for a total distance of 1,772.42 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of a called 28.9270 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598260; said iron rod for the northeast corner of the herein described tract;

THENCE, South $08^{\circ}47'23''$ East, departing said southerly R.O.W. line, at 1,289.36 feet passing a 5/8-inch iron rod found marking the westerly common corner of said 28.9270 acre tract and a called 10.0000 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598262, continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found on the northwesterly R.O.W. line of a Harris County Flood Control District drainage easement (150 feet wide) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682; said iron rod for the southeast corner of the herein described tract;

150 W. Shadowbend Avenue, Suite #304 | Friendswood, TX 77546
phone 281.648.3131 | fax 281.648.3737 | e-mail christian@boundaryone.com
T.B.P.L.S. Firm No. 10084800



METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 2 OF 4

THENCE, South 38°20'29" West, along said northwesterly R.O.W. line, a distance of 877.99 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLs, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

- North 21°17'29" West, a distance of 80.86 feet to an angle point;
- North 04°22'12" West, a distance of 216.80 feet to an angle point;
- North 32°41'57" West, a distance of 184.39 feet to an angle point;
- North 51°06'03" West, a distance of 159.93 feet to an angle point;
- North 74°03'08" West, a distance of 164.71 feet to an angle point;
- South 48°02'49" West, a distance of 44.69 feet to an angle point;
- North 73°53'13" West, a distance of 47.50 feet to an angle point;
- South 49°24'27" West, a distance of 89.87 feet to an angle point;
- North 75°14'40" West, a distance of 40.66 feet to an angle point;
- South 43°53'50" West, a distance of 146.10 feet to an angle point;
- South 25°05'22" West, a distance of 134.50 feet to an angle point;
- South 83°33'17" West, a distance of 49.30 feet to an angle point;
- South 21°22'27" West, a distance of 73.69 feet to an angle point;
- North 77°09'16" West, a distance of 62.96 feet to an angle point;
- South 59°48'42" West, a distance of 48.72 feet to an angle point;



METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 3 OF 4

North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;
North 27°29'30" East, a distance of 63.48 feet to an angle point;
North 19°02'35" East, a distance of 103.93 feet to an angle point;
North 14°38'12" East, a distance of 53.72 feet to an angle point;
North 13°22'21" West, a distance of 9.00 feet to an angle point;
North 15°04'35" East, a distance of 70.83 feet to an angle point;
North 31°32'46" West, a distance of 52.49 feet to an angle point;



METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 4 OF 4

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 106.472 acres (4,637,900 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.L.S Firm No. 10084800
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October 20, 2022

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EXHIBIT B

PUD

[See attached]

ORDINANCE NO. 2023-28

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, AMENDING THE FRIENDSWOOD COMPREHENSIVE PLAN TO UPDATE THE FUTURE LAND USE MAP CONCERNING PROPERTY LOCATED AT 3801 FM 528 RD, BEING 106.472 ACRES OF LAND SITUATED IN THE SARAH MCKISSICK LEAGUE, ABSTRACT NUMBER 549, HARRIS COUNTY, TEXAS, INCLUDING (I) ALL OF RESTRICTED RESERVES "A" AND "C" CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, A SUBDIVISION PLAT OF RECORD AT FILM CODE NO 691601, HARRIS COUNTY MAP RECORDS (H.C.M.R) AND (II) THE RESIDUE OF A CALLED 135.778 ACRE TRACT OF LAND CONVEYED TO CLEAR CREEK COMMUNITY CHURCH AS DESCRIBED BY DEED RECORDED UNDER HARRIS COUNTY CLERK'S FILE (H.C.C.F.) NO. 20150231965, CITY OF FRIENDSWOOD, HARRIS COUNTY, TEXAS, FROM PUBLIC AND SEMI PUBLIC AND RETAIL TO MIXED USE; AND AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF FRIENDSWOOD TO CHANGE THE ZONING CLASSIFICATION OF SUCH PROPERTY FROM PLANNED UNIT DEVELOPMENT (ORD. 2015-18) TO A REVISED PLANNED UNIT DEVELOPMENT (PUD) TO ALLOW A MIXED-USE DEVELOPMENT; PROVIDING A MAXIMUM PENALTY OF TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00); REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HERewith; PROVIDING FOR SEVERABILITY, PUBLICATION AND AN EFFECTIVE DATE.

WHEREAS, the Friendswood Comprehensive Plan (the "Plan") assists City officials, staff and citizens in making sound decisions affecting the future growth and development of the City and the surrounding area; and

WHEREAS, on October 26, 2023, the Planning and Zoning Commission (the "Commission") reviewed the proposed amendment of the Plan to update the Future Land Use Map contained therein, concerning the property located at 3801 FM 528 Road, Friendswood, Harris County, Teas, being more particularly described as 106.472 acres of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas, including (i) all of Restricted Reserves "A" and "C" Clear Creek Community Church Friendswood, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R) and (ii) the residue of a called 135.778 acre tract of land conveyed to Clear Creek Community Church as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. 20150231965, City of Friendswood, Harris County, Texas (the "Property") to change the designation thereof from Public and Semi Public and Retail to Mixed Use; and

WHEREAS, a map depicting the location of the Property is attached hereto, marked Exhibit "A," and made a part hereof for all intents and purposes; and

WHEREAS, on November 6, 2023, a public hearing was conducted at which the public was given the opportunity to give testimony and present written evidence regarding this amendment of the Plan; and

WHEREAS, in accordance with the Friendswood City Code and all applicable laws, the City Council has determined that all public notices have been posted and published and the required hearing on this amendment to the Future Land Use Map has been held; and

WHEREAS, after the Commission's review of the proposed amendment as well as the input received at the public hearing, the City Council desires to amend the Plan to update the Future Land Use Map to better reflect future development within the boundaries of the City; and

WHEREAS, additionally, Madison Development Corp. (the "Owner") made application to the City to change the zoning classification of the Property from Planned Unit Development (Ord. 2015-18) to a revised Planned Unit Development (PUD) to allow a mixed-use development; and

WHEREAS, in accordance with the Friendswood City Code and all applicable laws, the Planning and Zoning Commission and the City Council conducted public hearings on such application, allowing all interested persons the opportunity to be heard; and

WHEREAS, the Planning and Zoning Commission filed with City Council, its final report recommending approval of the application; and

WHEREAS, in accordance with the Friendswood City Code and all applicable laws, the City Council has determined that all public notices have been posted and published and all required hearings on this zoning classification change have been held; and

WHEREAS, the City Council further finds that this ordinance complies with the applicable provisions of the City Charter of the City of Friendswood, the Friendswood City Code and all other applicable laws; and

WHEREAS, after receiving the Commission's final report as well as the input received at the public hearing, the City Council deems it appropriate to approve the application, subject to applicable regulations, restrictions, exceptions, and conditions; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. The facts and matters set forth in the preamble of this ordinance are hereby found to be true and correct.

Section 2. That the City Council of the City of Friendswood, Texas, hereby amends the Friendswood Comprehensive Plan to update the Future Land Use Map concerning the Property to change the Future Land Use Map designation from Public and Semi Public and Retail to Mixed Use. Such amendment is attached hereto as Exhibit "B" and incorporated herein for all intents and purposes.

Section 3. The Official Zoning Map of the City of Friendswood is hereby amended to change the classification of the Property from Planned Unit Development (Ord. 2015-18) to a revised Planned Unit Development (PUD) for the "Friendswood City Center" to allow a

mixed-use development, as further depicted in Exhibit "C-1" and subject to the regulations contained in Exhibit "C-2," which exhibits are attached hereto and incorporated herein for all intents and purposes. The City Council hereby directs the Mayor to sign and the City Secretary to attest to an entry on such map containing the number and effective date of this ordinance along with a brief description of the nature of the change in accordance with Section 3.A.(3), Appendix C of the Friendswood City Code.

Section 4. This ordinance shall in no manner amend, change, supplement or revise any provision of any ordinance of the City of Friendswood, save and except the change in the Future Land Use Map designation of the Property as described in Section 2 hereinabove and the change in zoning classification of the Property as described in Section 3 hereinabove.

Section 5. A violation of this ordinance is subject to the penalty provisions contained in Section 1-14 of the Friendswood City Code and as otherwise provided by law. Any person who shall intentionally, knowingly, recklessly, or with criminal negligence fail to comply with any provision of this ordinance shall be deemed guilty of a misdemeanor and upon conviction thereof, shall be fined in an amount not to exceed \$2,000.00. Each act of violation and each day upon which any such violation shall occur shall constitute a separate offense.

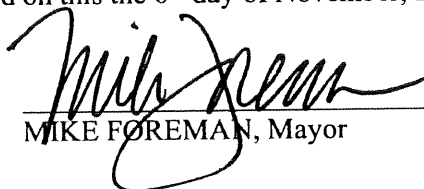
Section 6. That all ordinances or parts of ordinances in conflict or inconsistent with this ordinance are hereby expressly repealed.

Section 7. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any and every part of the same, notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 8. The City Secretary shall give notice of the enactment of this ordinance by promptly publishing the caption of this ordinance after final passage in the official newspaper of the City.

Section 9. This ordinance shall take effect upon its publication and the proper entry on the official zoning map in accordance with Section 3.A.(3), Appendix C of the Friendswood City Code.

PASSED, APPROVED and ADOPTED on first and final reading by the affirmative vote of the City Council of the City of Friendswood on this the 6th day of November, 2023.


MIKE FOREMAN, Mayor

ATTEST:


LETICIA BRYSCH, City Secretary



APPROVED AS TO FORM:


KAREN L. HORNER, City Attorney

Location Map

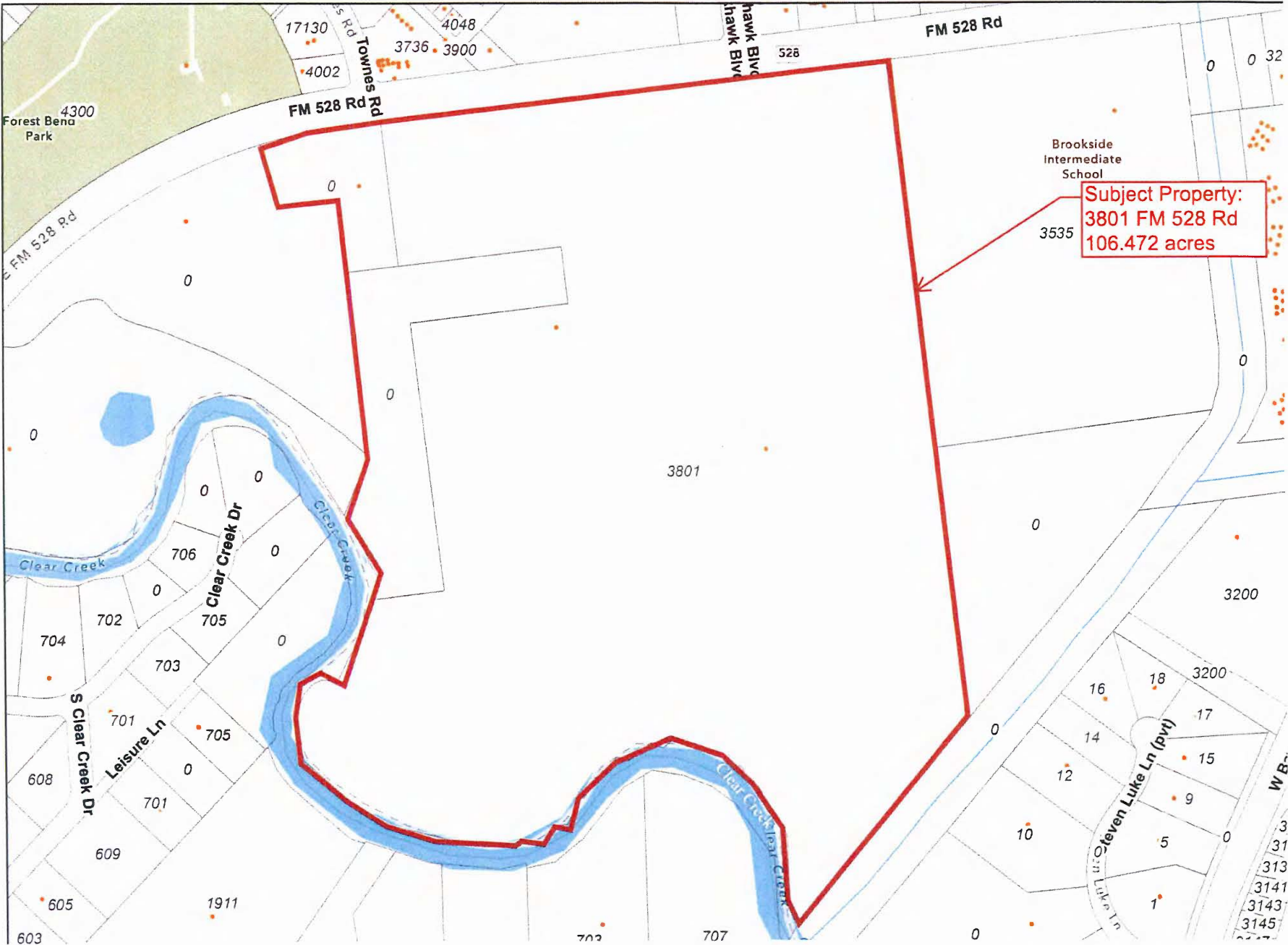
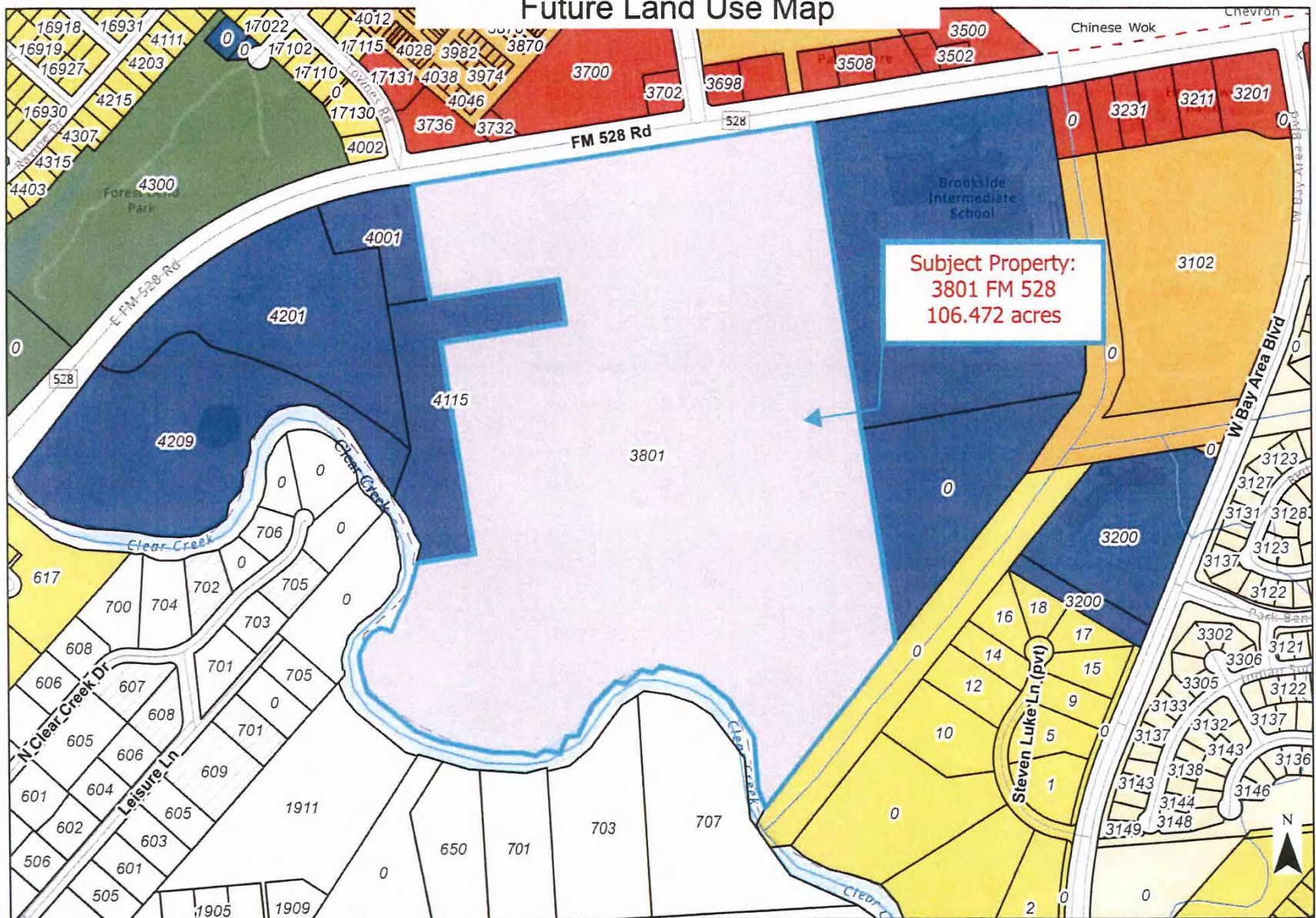


EXHIBIT D Future Land Use Map



- | | | | |
|-------------------|--------------|--------------------------|------------------------|
| - - - City Limits | Proposed FLU | High Density Residential | Public and Semi-Public |
| ▬ Parcels | SFR- Estate | Mixed Use | Regional Detention |
| - Streets | Low Density | Retail | [ZZ] Buyout Lots |
| - Creeks | Garden Homes | Parks | |

0 0.05 0.1 0.2 Miles

Exhibit "C-1" Zoning Map

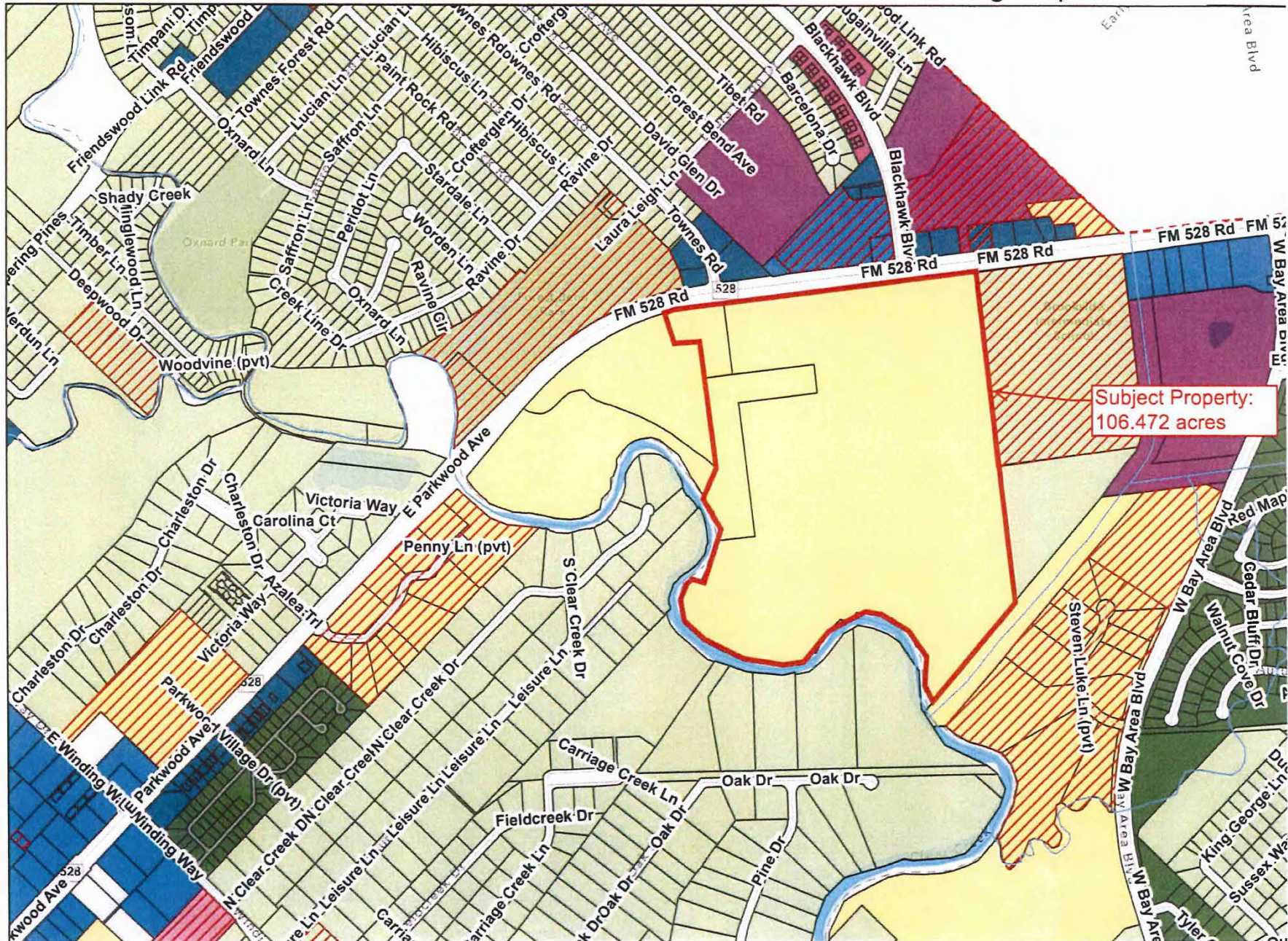


Exhibit "C-2"

**Planned Unit Development
Friendswood City Center PUD**

Prepared For
Tannos Development Group, LLC

August, 2023



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I Introduction

II Regulations

III Permitted Uses

Exhibit A	Site Plan
Exhibit B	Tree Mitigation Calculations
Exhibit C	Mixed Use Parking Analysis
Exhibit D	Public Trails and Paths
Exhibit E	Project Phases
Exhibit F1	Exterior Finishes
Exhibit F2	Architectural Features
Exhibit F3	Examples of Site Amenities

Friendswood City Center PUD

INTRODUCTION

Purpose

This application has been prepared on behalf of Tannos Development LLC, pursuant to the City of Friendswood's Ordinances related to a Planned Unit Development (PUD). The purpose of the PUD District is to encourage flexibility in the development of land, promote the most appropriate uses, and encourage a cohesive Mixed Use Development. This PUD will establish development regulations and standards that will ensure quality development, consistent with the intent of the Friendswood Subdivision and Zoning Ordinances.

Location and Existing Conditions

Friendswood City Center PUD is located on a + 107 Acre tract located South of FM 528, with Clear Creek forming a natural boundary on the West and South borders and Brookside Intermediate School to the East. The subject tract will be bisected with an Extension of Blackhawk Blvd from 528 to Bay Area Blvd. Approximately 50 Acres of the site is located within the Flood Way of the Clear Creek Watershed, 38 Acres are located within the AE Flood Zone and 19 Acres are located within the X Flood Zone. The Majority of the area located within the AE Zone will be raised out of the flood plain by mitigation within the Park Area. All Buildings will be constructed above the Flood Plain.

PROJECT DESCRIPTION

The Planning Concept is to provide a strong neighborhood identity with walkable mixed-use facilities that allow access to services and other businesses without requiring residents to use a car as their main mode of transportation. To accomplish this, Friendswood City Center PUD will combine commercial, retail, hospitality, office, and multifamily residential developments into a vibrant community with walkable streets that support alternative modes of transportation. All areas of the community will be connected with 10-0 wide Shared Use Paths. In the Park Area, the paths will be created out of decomposed granite and will be referred to as trails. In all other areas, the paths will be created using a combination of concrete with paver and stone accents. Path Users are non-motorized and may include but are not limited to: bicyclists, in-line skaters, roller skaters, wheelchair users (both non-motorized and motorized) and pedestrians, including walkers, runners, people with baby strollers, people walking dogs, etc. These facilities will be designed for two-way travel.

For transportation and parking demand management, the concept is to create slower-paced streets with head-in parking and pavement designed to enhance pedestrian safety. Surface Parking will be minimized with the majority of parking located within above ground parking garages designed to blend in with the building facades. All parking garages will be required to leave at least 20 percent of their parking spaces available for public parking and may be a fee lot. All areas, except the gated area of the Multi-Family Residential Development, will have cross parking access.

Friendswood City Center PUD

DEVELOPMENT GUIDELINES

Unless otherwise outlined in this document, all City of Friendswood Subdivision and Zoning regulations in place at the time this document is adopted shall apply to the PUD. Any change to the below guidelines and/or other applicable regulations shall require a variance or an amendment to the PUD.

Friendswood City Center PUD

Building Regulations

Friendswood City Center PUD Regulation Matrix

PUD Zoning District	Units Per Acre	Lot Area Minimum Sq Ft	Lot Width Minimum Sq Ft	Lot Depth Minimum Sq Ft	Front Yard Setback	Rear Yard Setback	Interior Side Yard	Exterior Side Yard	Maximum Height (4 stories)	Landscape Buffer Width (FM 528)	Landscape Buffer Width (Except FM 528)
Lot 1	n/a	15000	100	150	100	10	10	25	40	15	5
Lots 2-5	n/a	15000	100	150	160	10	10	25	40	15	5
Lots 7	29	15000	100	150	0	10	10	10	70	0	0
Lots 8	n/a	15000	100	150	0	10	10	10	70	0	0
Lots 6, 9, 10	29	15000	100	150	50	0	10	25	70	15	5
Lot 11	29	15000	100	150	0	0	10	25	70	0	0
Lot 12 MFR	29	n/a	n/a	n/a	25	0	25	25	70	0	5

Base zoning districts CSC and MFR H per COF Zoning Ordinance

Lot coverage based on approved drainage plan

Landscape buffers may include walkways, boardwalks, patios, plazas, courtyards, bulkheads, retaining walls, and similar structures are permitted in the landscape buffer except for along FM 528.

No multifamily use shall be allowed on the first floor of Lots 6, 7, 9 and 10.

(a) *Street Setbacks:*

Walkways, Boardwalks, Patios, Plazas, Courtyards, bulkheads, retaining walls and similar structures will be permitted in the landscape buffer/setback area except for area abutting FM 528.

Building setback is measured from the right-of-way or property line.

Friendswood City Center PUD

Permitted Use Table

Residential Uses	
Single-Family Residence	
Garden Home Residence	
Multiple-Family Residence—Low Density	
Multiple-Family Residence—Medium Density	P
Multiple-Family Residence—High Density	P
Mobile Home Residence	

	2017 NAICS Industry Descriptions	
	Sexually oriented businesses (Ch. 62)	
11	<i>Agriculture, Forestry, Fishing and Hunting</i>	
111	Crop production	
1114	Greenhouse, nursery, and floriculture production	
112	Animal production and aquaculture	
113	Forestry and logging	
1133	Logging	
114	Fishing, hunting, and trapping	
115	Support activities for agriculture and forestry	
21	<i>Mining, Quarrying, and Oil and Gas Extraction</i>	
211	Oil and gas extraction	
212	Mining (except oil and gas)	
213	Support activities for mining	
22	<i>Utilities</i>	
221	Utilities	
23	<i>Construction</i>	
236	Construction of buildings	
237	Heavy and civil engineering construction	
238	Specialty trade contractors	
31-33	<i>Manufacturing</i>	
311	Food manufacturing	
311811	Retail bakeries	
3121	Beverage manufacturing (i.e. Breweries, wineries)	P
3122	Tobacco manufacturing	
313	Textile mills	

Friendswood City Center PUD

314	Textile product mills	
315	Apparel manufacturing	
316	Leather and allied product manufacturing	
3161	Leather and hide tanning and finishing	
321	Wood product manufacturing	
322	Paper manufacturing	
323	Printing and related support activities	
323113	Commercial screen printing	
324	Petroleum and coal products manufacturing	
325	Chemical manufacturing	
325412	Pharmaceutical preparation manufacturing	
326	Plastics and rubber products manufacturing	
3262	Rubber product manufacturing	
327	Nonmetallic mineral product manufacturing	
331	Primary metal manufacturing	
332	Fabricated metal product manufacturing	
333	Machinery manufacturing	
334	Computer and electronic product manufacturing	
335	Electrical equipment, appliance, and component manufacturing	
33591	Battery manufacturing	
336	Transportation equipment manufacturing	
337	Furniture and related products manufacturing	
339	Miscellaneous manufacturing	
3391	Medical equipment and supplies manufacturing	
42	Wholesale Trade	
423	Merchant wholesalers, durable goods	O
424	Merchant wholesalers, nondurable goods	O
425	Wholesale trade agents and brokers	O
44-45	Retail Trade	
4411	Automobile dealers	
4412	Other motor vehicle dealers	
4413	Automotive parts, accessories, and tire retailers (i.e. Auto Zone, O'Riley's)	
4491	Furniture and home furnishing retailers	P
4492	Electronics and appliance retailers	P
444	Building material and garden equipment and supplies dealers	
444180	Other building material dealers	
445	Food and beverage retailers	P
4561	Health and personal care retailers	P
457	Gasoline stations and fuel dealers (Lot 5 only)	P

Pa

Friendswood City Center PUD

523	Securities, commodity contracts, and other financial investments and related activities	P
524	Insurance carriers and related activities	P
525	Funds, trusts, and other financial vehicles	P
53	<i>Real Estate and Rental and Leasing</i>	
531	Real estate	P
53113	Lessors of mini warehouses and self-storage units	
532	Rental and leasing services (i.e. car rentals, formal wear and costumes, home health equipment, etc.)	
53212	Truck, utility trailer, and RV rental and leasing	
533	Lessors of nonfinancial intangible assets (except copyrighted works)	
54	<i>Professional, Scientific and Technical Services</i>	
541	Professional, scientific, and technical services	P
54138	Testing laboratories	P
55	<i>Management of Companies and Enterprises</i>	
551	Management of companies and enterprises	P
56	<i>Administrative and Support and Waste Management and Remediation Services</i>	
561	Administrative and support services	P
561730	Landscaping services	
56179	Other services to buildings and dwellings	
562	Waste management and remediation services	
61	<i>Education Services</i>	
6111	Elementary and secondary schools	
6112	Junior colleges	
6113	Colleges, universities, and professional schools	
6114	Business schools and computer and management training	P
6115	Technical and trade schools	P
6116	Other school and instruction (i.e. dance, gymnastics, tutoring)	P
62	<i>Health Care and Social Services</i>	
621	Ambulatory health care services	P
622	Hospitals	S
6231	Nursing care facilities—Skilled nursing facilities	S
6232	Residential, intellectual and development disability, mental health, and substance abuse facilities	
623311	Continuing care retirement communities (with on-site nursing)	
623312	Assisted living facilities for the elderly (without on-site nursing)	
624	Social assistance	
6244	Child day care services (childcare centers)	P

Friendswood City Center PUD

6244	Child day care services (registered and/or licensed childcare home)	P
71	Arts, Entertainment and Recreation	
7111	Performing arts (i.e. theater companies, dinner theaters, dance companies, musical groups and artists)	P
7112	Spectator sports	
711320	Promoters of performing arts, sports, and similar events w/o facilities	P
712110	Museums (i.e. art galleries and wax museums)	P
712120	Historical Sites (i.e. state or local historical societies)	P
7131	Amusement parks and arcades	
7132	Gambling industries	
7139	Other amusement and recreation industries (i.e. game rooms, bowling)	P
713940	Fitness and recreational sports centers	P
713990	All other amusement and recreation activities (i.e. mini golf, billiards, escape rooms)	P
72	Accommodation and Food Services	
7211	Traveler accommodation	P
7212	RV (recreational vehicle) parks and recreational camps	
7213	Rooming houses and boardinghouses	
7223	Special food services	P
7224	Drinking places (more than 75% sales of alcoholic beverages)	P
7225	Restaurants and other eating places	P
81	Other Services (Except Public Administration)	
8111	Automotive repair and maintenance	
81112	Automotive body, paint, interior, and glass repair	
8112	Electronic and precision equipment repair and maintenance	
8113	Commercial and industrial machinery and equipment (except automotive and electronic repair and maintenance)	
811430	Footwear and leather goods repair	P
8121	Personal care services	P
812220	Cemeteries	P
8123	Dry cleaning and laundry services	P
8129	Other personal services	P
8131	Religious organizations	
8132	Grantmaking and giving services	O
8133	Social advocacy organizations	O
8134	Civic and social organizations	O
8139	Business, professional, labor, political, and similar organizations	O
814	Private households	
92	Public Administration (City Services)	

Friendswood City Center PUD

921	Executive, legislative, and other general government support	P
922	Justice, public order, and safety activities	P
92214	Correctional institutions	
923	Administration of human resource programs	P
924	Administration of environment quality programs	P
925	Administration of housing programs, urban planning, and community development	P
926	Administration of economic programs	P
927	Space research and technology	P
928	National security and international affairs	P

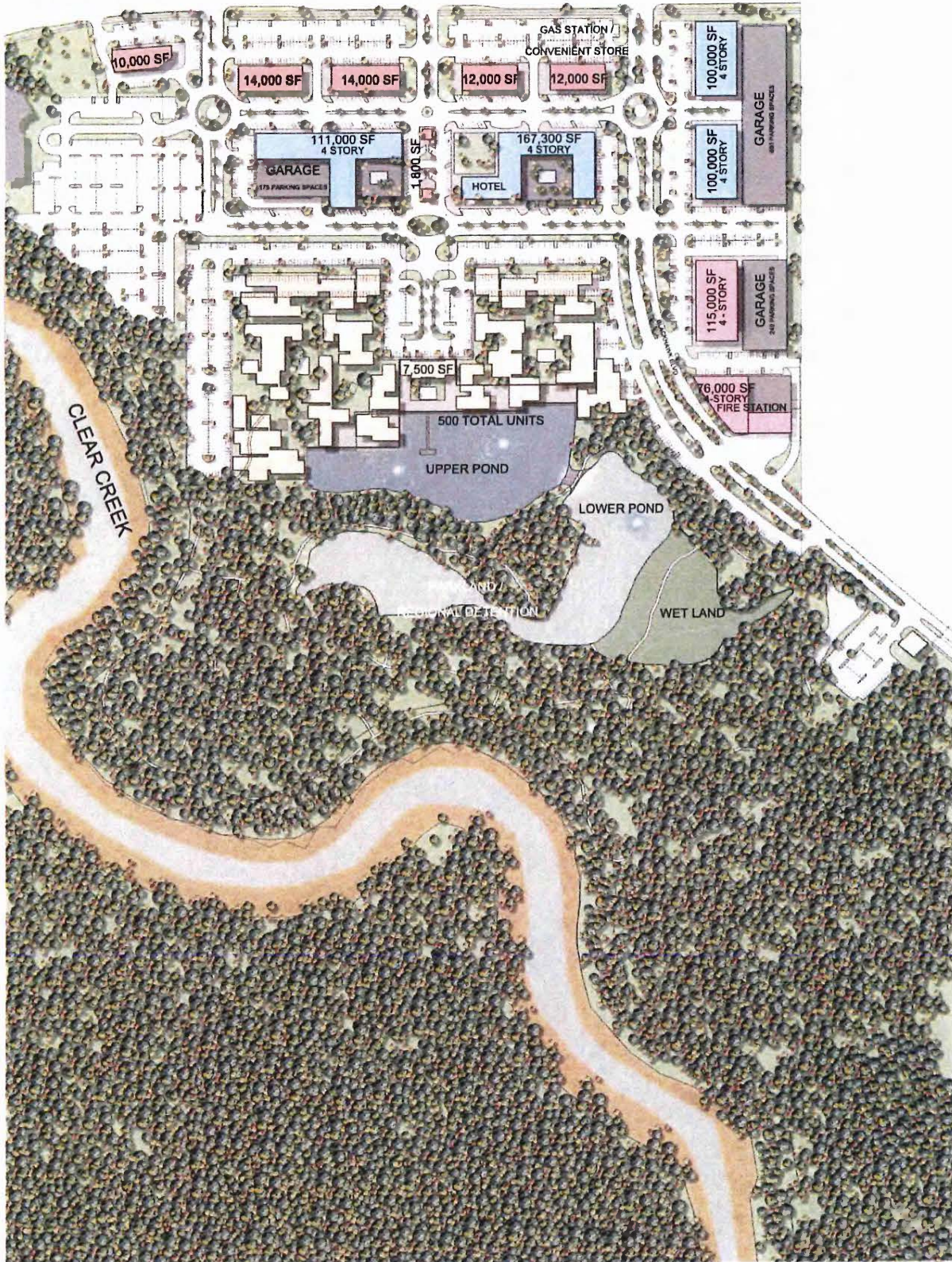
(a) Legend:

1. P: Permitted.
2. S: Special use permit required.
3. O: Office use only.
4. Blank: Not permitted.

- (b) Notwithstanding the permitted uses depicted in this table, which are intended to address uses not otherwise regulated or restricted by federal, state, or related law for protected specific uses, it is the intention of the PUD to fully comply with all such legal requirements. Any applicant who is relying upon any such specific rules or regulations not otherwise addressed in this table shall provide the relevant provisions to the city for review.

- RETAIL | 63,800 SF
- OFFICE | 191,000 SF
- MIXED USE | 478,300 SF
- GARAGE | 1,215 PARKING SPACES
- APARTMENTS | 500 UNITS

FM 528



528 Site Calculations

		Qty	% of Site			Qty	% of Site
Lot 1	Total Site Area	69,715 SF	100%	Lot 7	Total Site Area	138,181 SF	100%
	Parking Lot & Drive Area	31,693 SF	45%		Parking Lot & Drive Area	56,006 SF	41%
	Other NonPervious Area	6,249 SF	9%		Other NonPervious Area	24,482 SF	18%
	Bldg SF	10,290 SF	15%		Bldg SF	40,380 SF	29%
	Green Space	21,483 SF	31%		Green Space	17,312 SF	13%
	Parking Spaces	74 Spaces			Parking Spaces	240 Spaces	
Lot 2	Total Site Area	69,066 SF	100%	Lot 8	Total Site Area	138,132 SF	100%
	Parking Lot & Drive Area	34,793 SF	50%		Parking Lot & Drive Area	26,821 SF	19%
	Other NonPervious Area	1,099 SF	2%		Other NonPervious Area	42,377 SF	31%
	Bldg SF	13,882 SF	20%		Bldg SF	40,128 SF	29%
	Green Space	13,292 SF	19%		Green Space	28,806 SF	21%
	Parking Spaces	102 Spaces			Parking Spaces	189 Spaces	
Lot 3	Total Site Area	71,083 SF	100%	Lot 9	Total Site Area	134,038 SF	100%
	Parking Lot & Drive Area	35,660 SF	50%		Parking Lot & Drive Area	77,884 SF	58%
	Other NonPervious Area	7,286 SF	10%		Other NonPervious Area	11,271 SF	8%
	Bldg SF	15,008 SF	21%		Bldg SF	25,800 SF	19%
	Green Space	13,129 SF	18%		Green Space	19,083 SF	14%
	Parking Spaces	108 Spaces			Parking Spaces	296 Spaces	
Lot 4	Total Site Area	70,283 SF	100%	Lot 10	Total Site Area	160,218 SF	100%
	Parking Lot & Drive Area	33,875 SF	48%		Parking Lot & Drive Area	88,420 SF	55%
	Other NonPervious Area	8,861 SF	13%		Other NonPervious Area	14,904 SF	9%
	Bldg SF	12,006 SF	17%		Bldg SF	28,200 SF	18%
	Green Space	15,541 SF	22%		Green Space	28,694 SF	18%
	Parking Spaces	101 Spaces			Parking Spaces	619 Spaces	
Lot 5	Total Site Area	68,747 SF	100%	Lot 11	Total Site Area	76,843 SF	100%
	Parking Lot & Drive Area	33,625 SF	49%		Parking Lot & Drive Area	46,874 SF	61%
	Other NonPervious Area	8,412 SF	12%		Other NonPervious Area	3,221 SF	4%
	Bldg SF	11,999 SF	17%		Bldg SF	17,918 SF	23%
	Green Space	14,711 SF	21%		Green Space	8,830 SF	11%
	Parking Spaces	97 Spaces			Parking Spaces	305 Spaces	
Lot 6	Total Site Area	119,660 SF	100%	Lot 12	Total Site Area	765,801 SF	100%
	Parking Lot & Drive Area	56,297 SF	47%		Parking Lot & Drive Area	287,440 SF	38%
	Other NonPervious Area	6,947 SF	6%		Other NonPervious Area	44,204 SF	6%
	Bldg SF	25,800 SF	22%		Bldg SF	175,895 SF	23%
	Green Space	30,616 SF	26%		Green Space	258,262 SF	34%
	Parking Spaces	296 Spaces			Parking Spaces	780 Spaces	
Public	Total Site Area	2,756,133 SF	n/a	Lot 13	Total Site Area	2,251,203 SF	100%
	Parking Lot & Drive Area	n/a	n/a		Parking Lot & Drive Area	n/a	n/a
	Other NonPervious Area	n/a	n/a		Other NonPervious Area	n/a	n/a
	Bldg SF	n/a	n/a		Bldg SF	n/a	n/a
	Green Space	n/a	n/a		Green Space	n/a	n/a
	Parking Space	325 Spaces	n/a		Parking Spaces		
Total Site Calculations							
	Total Site Area	4,637,900 SF	100%				
	Parking Lot & Drive Area	809,388 SF	17%				
	Other NonPervious Area	179,313 SF	4%				
	Bldg SF	417,306 SF	9%				
	Green Space	469,759 SF	10%				
	Parking Spaces	3,532 Spaces					



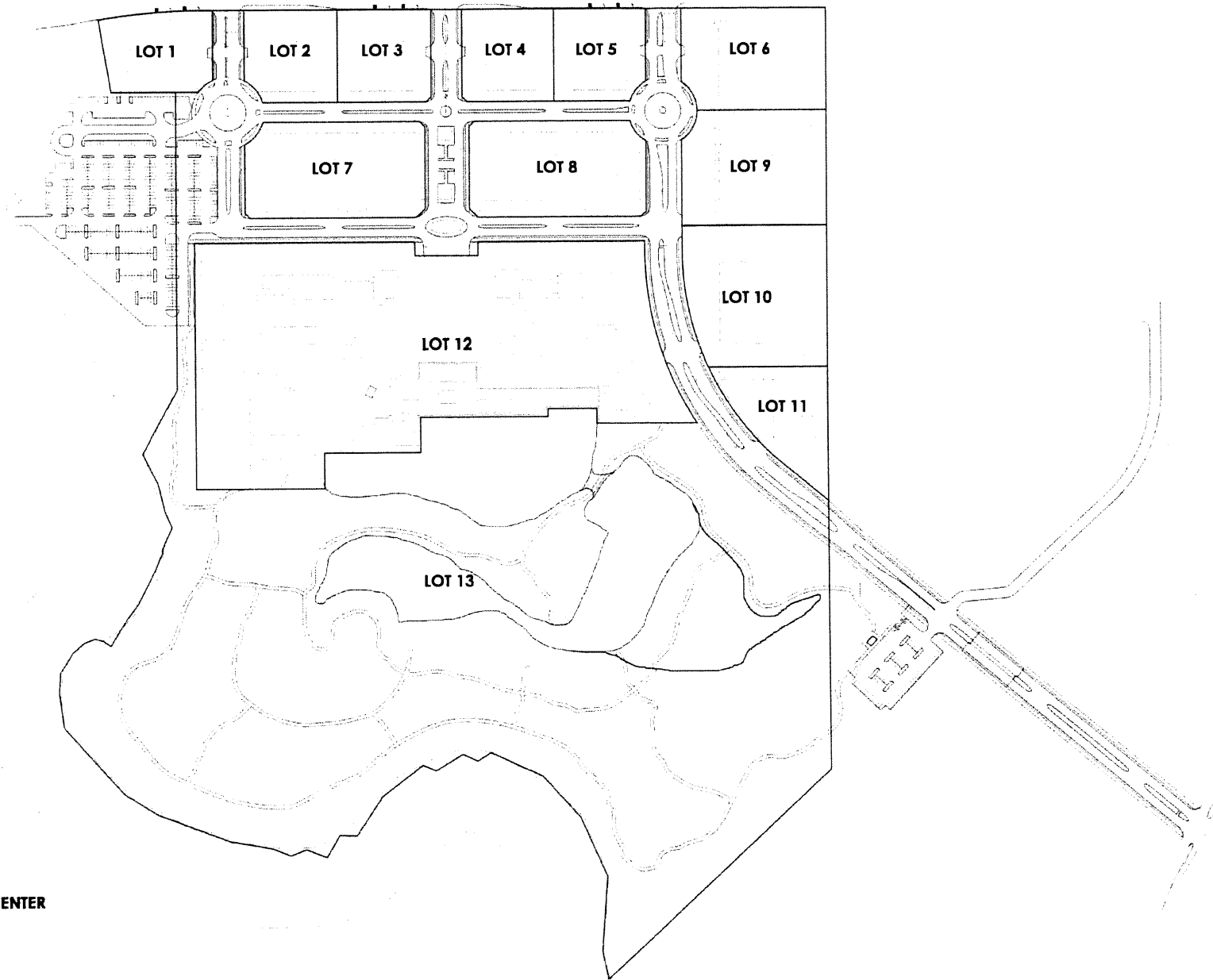


FM 528



TANNOS
DEVELOPMENT GROUP, LLC



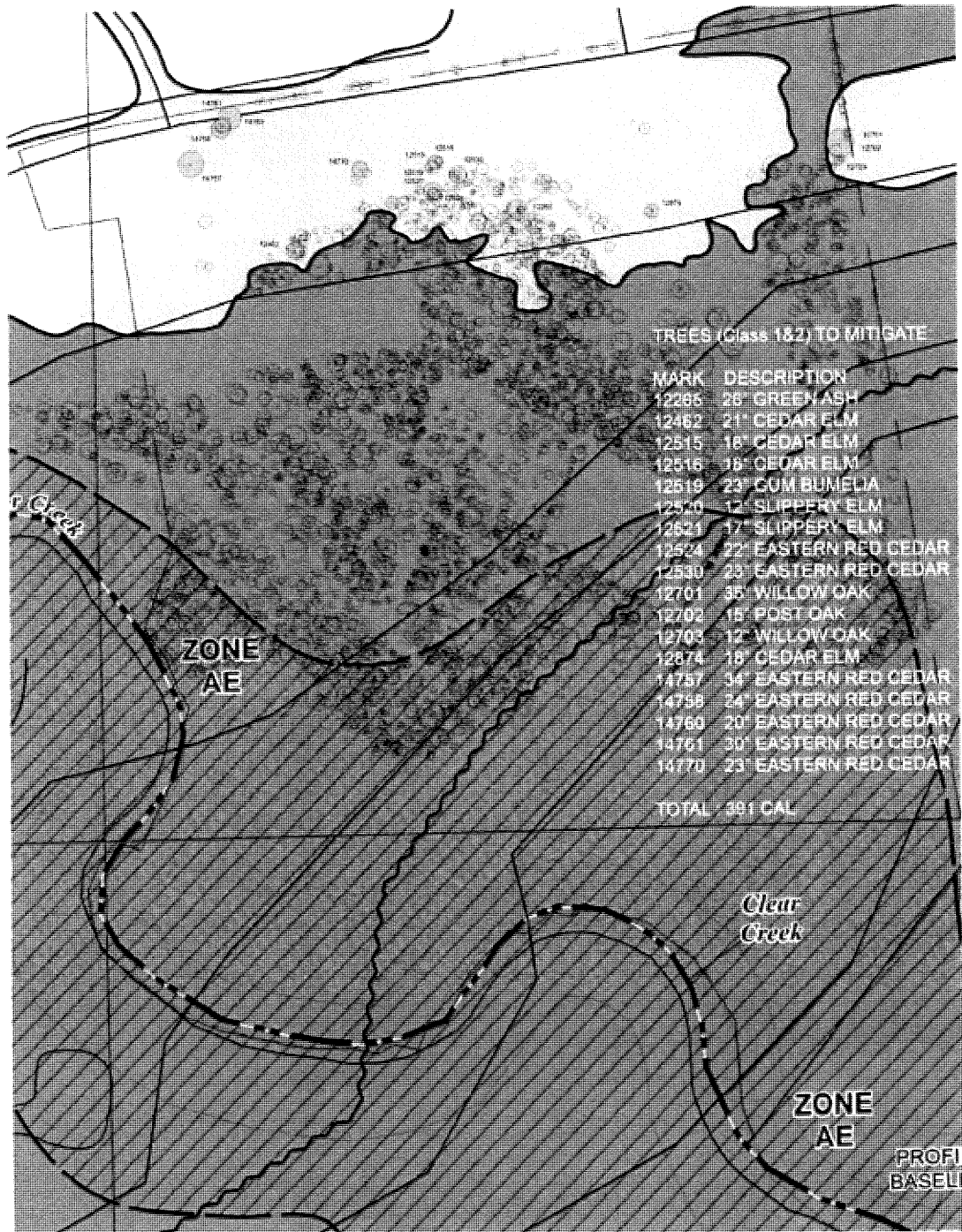


FRIENDSWOOD CITY CENTER
SITE PLAN | LOTS

Friendswood City Center PUD

Exhibit B | TREE MITIGATION PLAN

Class 1 and Class 2 Trees to be Mitigated with New On-Site Street Trees of Class 1 & 2 as Follows: 12-24 inch Cal to be replaced with 266 inch cal at 100% = 266 inch cal.
24.1-36 inch Cal to be replaced with 125 inch cal at 150% = 187.5 inch cal.
No trees greater than 36 inch Cal.



Friendswood City Center PUD

Exhibit C | Mixed Use Parking Calculations

Class	Use	Parking Required	Weekday	Weekday	Weekday	Weekday	Weekend	Weekend	Weekend	Weekend	
			Midnight to 7AM	7AM to 5PM	5PM to 9PM	9PM to Midnight	Midnight to 7AM	7AM to 9PM	9PM to 11PM	11PM to Midnight	
1	Office	772	38.6	772	231.6	38.6	0	77.2	0	0	
	Financial Facility	0	0	0	0	0	0	0	0	0	
2	Apartment	996	996	249	498	946.2	996	647.4	498	846.6	
	Motel	255	255	25.5	127.5	216.75	255	25.5	127.5	191.25	
3	Clinic (Medical Complex)	450	22.5	450	225	22.5	0	45	0	0	
	Clinic (Medical or Dental)	0	0	0	0	0	0	0	0	0	
3	Veterinary Clinic	0	0	0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	0	0	
4	Industrial/Warehouse/ Manufacturing	0	0	0	0	0	0	0	0	0	
5	Church	0	0	0	0	0	0	0	0	0	
	Day Care	0	0	0	0	0	0	0	0	0	
	School	0	0	0	0	0	0	0	0	0	
	Library	0	0	0	0	0	0	0	0	0	
	Art Gallery	0	0	0	0	0	0	0	0	0	
6	Movie Theater	0	0	0	0	0	0	0	0	0	
	Bowling Alley	0	0	0	0	0	0	0	0	0	
	Gym/Health Spa	0	0	0	0	0	0	0	0	0	
7	Dessert Shop	0	0	0	0	0	0	0	0	0	
	Small Restaurant	507	50.7	253.5	380.25	202.8	76.05	180.25	50.7	253.5	
	Neighborhood Restaurant	0	0	0	0	0	0	0	0	0	
	Restaurant	250	25	125	187.5	100	37.5	187.5	250	125	
	Tavern	0	0	0	0	0	0	0	0	0	
	Small Bar	0	0	0	0	0	0	0	0	0	
	Bar, club or lounge	0	0	0	0	0	0	0	0	0	
		0	0	0	0	0	0	0	0	0	
8	Retail (excluding shopping center)	626	31.3	313	469.5	62.6	31.3	626	469.5	62.6	
9	Auto Parts and Supply Store	0	0	0	0	0	0	0	0	0	
	All Others	0	0	0	0	0	0	0	0	0	
Total			3856	1419.1	2188	2119.35	1589.45	1395.65	1985.85	1852	1478.95
			2188								
Put 1 if this qualifies as a historic building			0		0						
Total Reduction					0						
PARKING SPACES REQUIRED:			2188								

Proposed Parking on Site: 3600 Spaces

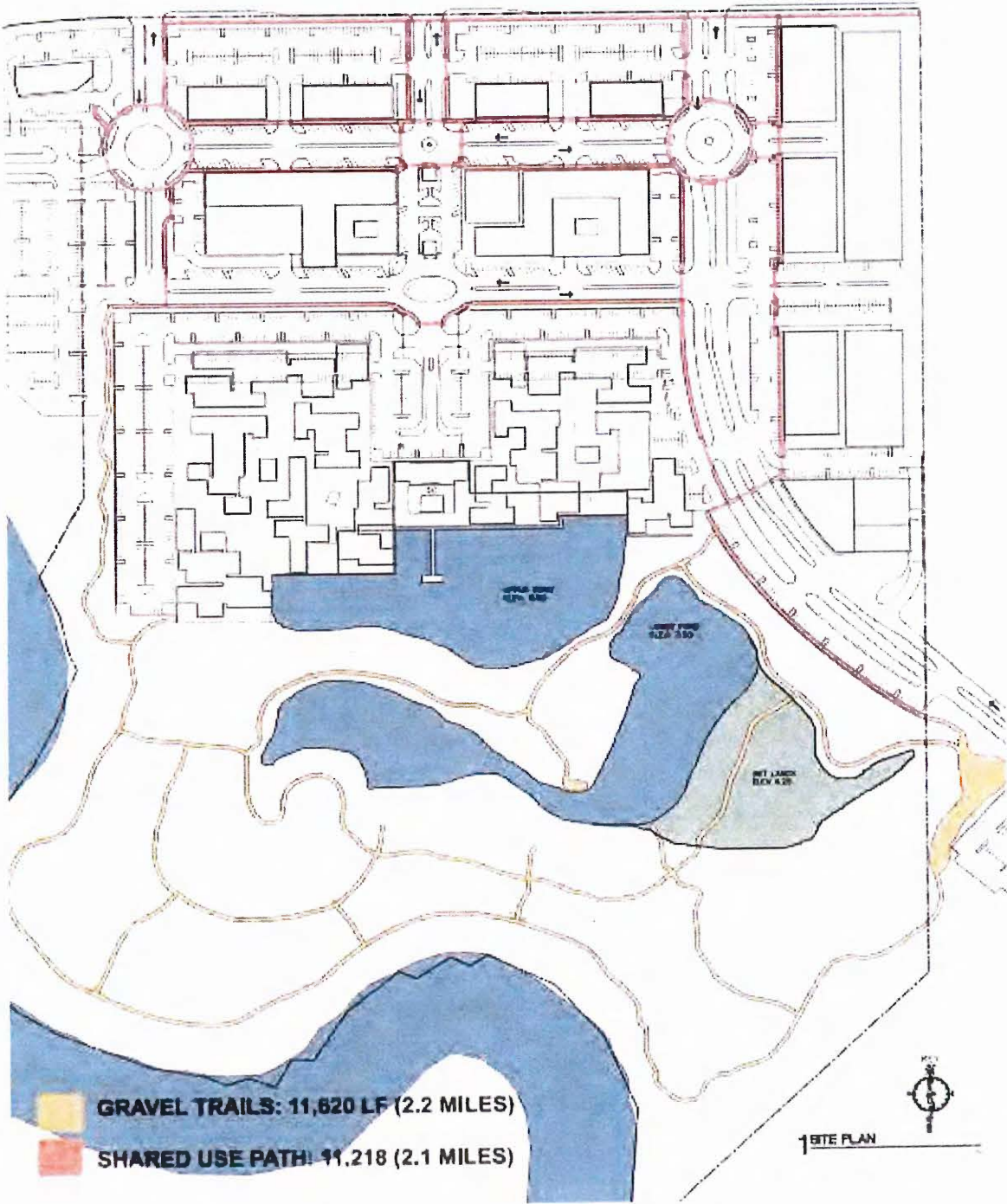
Friendswood City Center PUD

Worksheet: C:\Users\james\Documents\Friendswood City Center PUD\Appendix C Parking Group Table

Parking Calculations per Use based on City of Friendswood Appendix C Parking Group Table:

	RATIO/A AREA	6.0 RETAIL	10.0 REST	3.8 OFF < 25	3.4 OFF 25-100	2.8 OFF > 100	15.0 BAR	4.5 MFG COMF	0.4 CHURCH	1.5 HOTEL	1.3 Hotel	1.5 Apt 18	1.8 Apt 26	2.0 Apt 38
LOT1	10,290	5806	4482											
LOT2	11,882	9009	4873											
LOT3	15,006	5713	9293											
LOT4	12,006	6791	5215											
LOT5	12,000	6000	9576											
LOT6	100,000	38000	12000		50000									
LOT7	120,000	15000	5500		15000							45	45	
LOT8	120									120				
LOT9	100,000	18000	12000		70000									
LOT10	112,800		12800					100000						
LOT11	72,000				72000									
LOT12	500 Apts											175	250	75
Totals per Use		626	757	0	772	0	0	450	0	255	0	310	536	150

Exhibit D | Project Trails



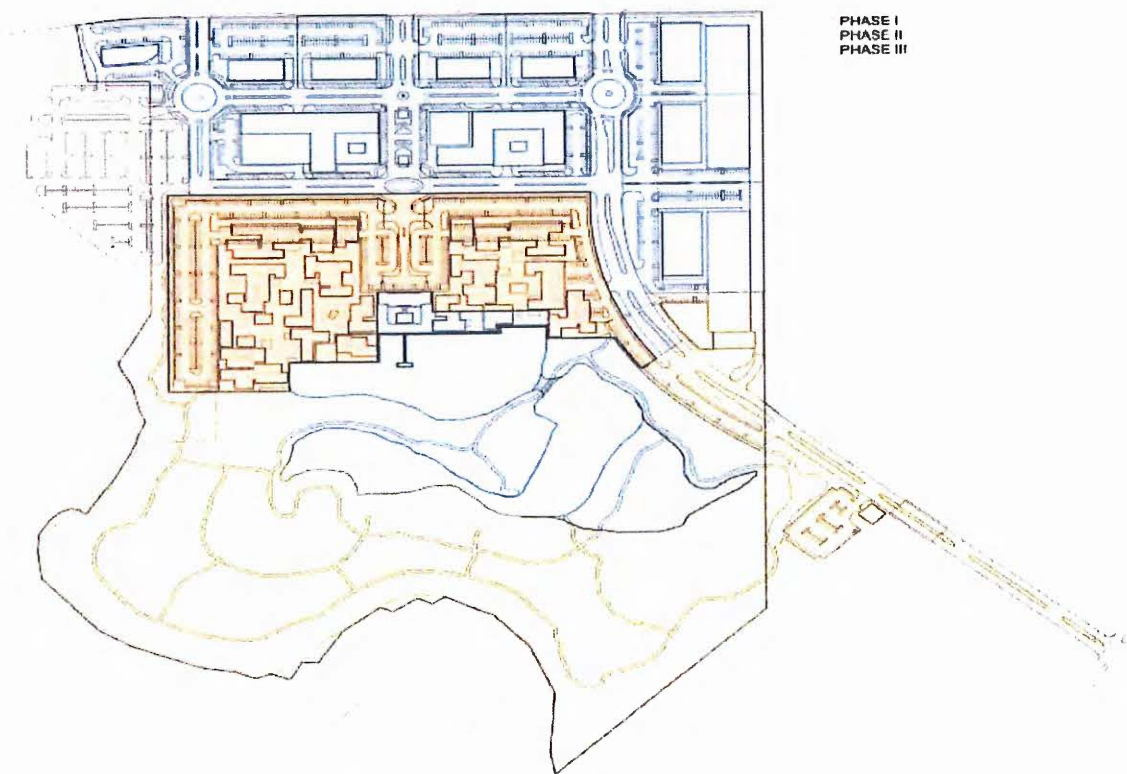


1. The park is a beautiful place
with many trees and flowers.

Bike Trail

1. The trail is a beautiful place
with many trees and flowers.
2. The trail is a beautiful place
with many trees and flowers.

Exhibit E | Project Phases



- Phase I: Excavation of Pond/Detention Area
Construction of Main Road Corridor and Underground Infrastructure
Construction of Lots 1-10 to Begin
- Phase II: Extension of Blackhawk Road
Construction of Fire Station and Lot 11
Construction of Public Park
- Phase III: Phase III Construction may fall at any time after completion of
the Main Road Corridor and Underground Infrastructure

Exhibit F1 | Exterior Finishes

Exterior Finishes shall incorporate the use of building materials that provide for an aesthetically pleasing and consistent overall development, while recognizing the benefits of diversity. In that regard, the following building materials shall be permitted:

(a.) All exterior walls shall be at least sixty percent (60%) masonry, glass or metal. Masonry coverage calculation does not include doors, windows, window box-outs, or bay windows that do not extend to the foundation.

1. Stone material. Masonry construction using stone material may consist of granite, marble, limestone, slate, and other hard and durable naturally occurring all weather stone. Stone shall be cut and dimensioned stone with natural or machined finishes.
2. Brick material. Brick material used for masonry construction shall be hard fired (kiln fired) clay or slate material which meets the latest version of ASTM standard C216, Standard Specification for Facing Brick (Solid Masonry Unit Made of Clay or Shale), and shall be Severe Weather (SW) grade, and Type FBA or FBS or better.
3. Concrete masonry units. Concrete masonry units used for masonry construction shall meet the latest version of the following applicable specifications; ASTM C90, Standard Specification for Hollow Load Bearing Concrete Masonry Units; ASTM C145, Standard Specification for Solid Load Bearing Masonry Units; ASTM C129, Standard Specification for Hollow and Solid Nonload Bearing Units. Concrete masonry units are not acceptable as an exterior finish.
4. Architectural Concrete Panels. Smooth Prefinished Architectural concrete panel construction is acceptable and may be used as an exterior finish. Concrete Panels poured on site (including tilt-wall construction) may be used but is not acceptable as an exterior finish.
5. Stucco (exterior Portland cement plaster with three (3) coats over metal lath or wire fabric lath with acrylic top coat finish).
6. Cement fiberboard;
7. Architectural glass block (less than 25 percent reflectance).
8. Aluminum Composite Metal Exterior Cladding Panels (ACM). Composite dry joint wall panel rainscreen system with associated aluminum girts, panel splices, bases, head flashing, clips, shims and fasteners.
9. Solid Composite Architectural Panels. Composite dry joint wall panel rainscreen or blind fastened system with associated aluminum girts, panel splices, bases, head flashing, clips, shims and fasteners.

(b) Structures 20,000 square feet or less shall require a minimum of two (2) distinct building materials from the approved masonry list be utilized on all facades to provide architectural detail and interest.

Friendswood City Center PUD

(c) Structures over 20,000 square feet shall require a minimum of three (3) distinct building materials from the approved masonry list be utilized on all facades to provide architectural detail and interest.

(d) Secondary materials must cover a minimum of ten percent (10%) of the building facade on all sides.

(e) Roofing materials. Flat roof areas shall be a fifteen (15) year Class A, TDI Approved PVC or TPO membrane roofing system, mechanically or adhered fastened, with a minimum solar reflectance of 0.78 and a minimum thermal emittance of 0.87 (Energy Star). Sloped roof areas shall be standing seam metal finished to match the exterior window frame system and be less than twenty percent (20%) of the buildings total roof area.

(f) Prohibited materials. The following materials are prohibited:

1. Aluminum siding or cladding.
2. Corrugated, metal, plastic, or fiberglass panels.
3. Galvanized, aluminum coated, zinc aluminum coated or unpainted exterior metal except as permitted as architectural accent material.
4. Wood siding or plastic siding.
5. Synthetic stucco, Exterior Insulation and Finish System (EIFS), placed less than four (4) feet above grade.
6. Exposed aggregate.
7. Corten Steel Panels.

Exhibit F1 | Exterior Finishes

Contemporary Brick (examples of colors)



Cut Stone, split-faced or honed (examples of colors)



Wood Composite, (examples of colors)

Approved accent colors to be no more than 15% of building



Primary Paint Colors (examples)

Approved accent colors to be no more than 15% of building



Composite Metal Panels, (examples of colors)

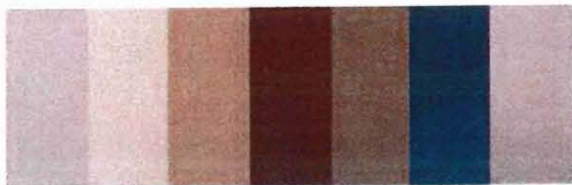


Exhibit F2 | Architecture Features and Schematic Design Concepts

Architecture



Focal Points

Friendswood City Center PUD

Exhibit F2 | Architecture Features and Schematic Design Concepts



Friendswood City Center PUD

Exhibit F2 | Architecture Features and Schematic Design Concepts

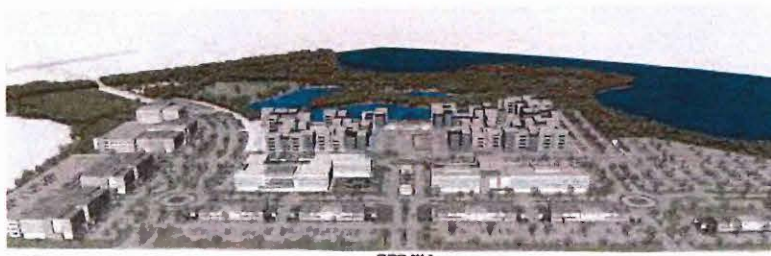
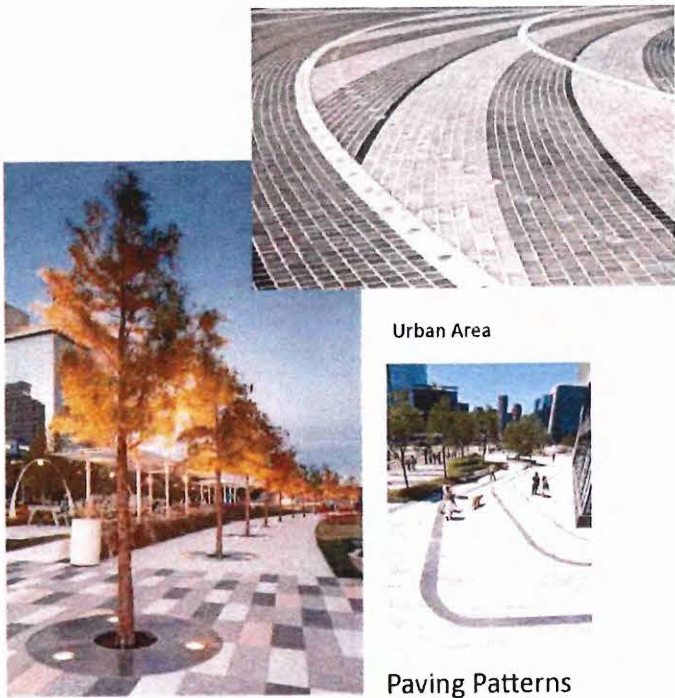
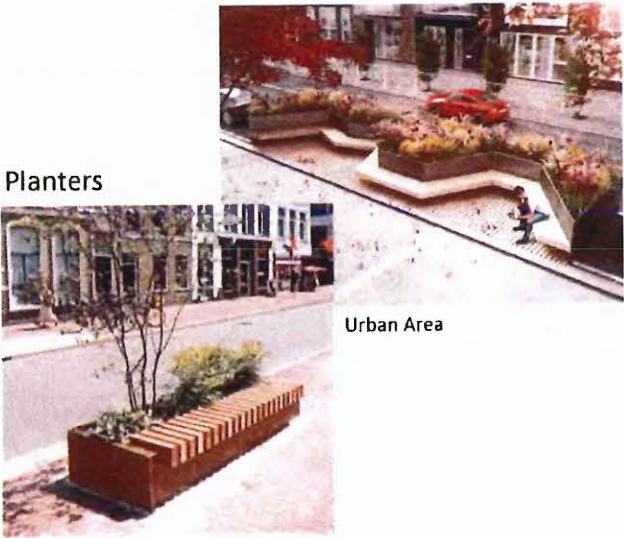


Exhibit F3 | Examples of Site Amenities



Trails



Water Stations



Exhibit F3 | Examples of Site Amenities

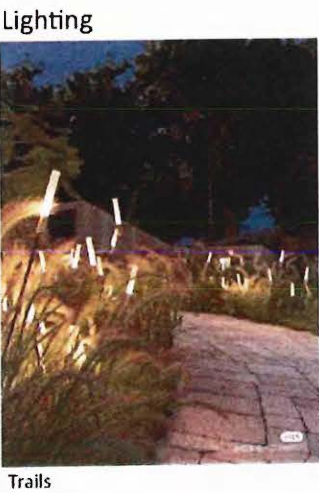
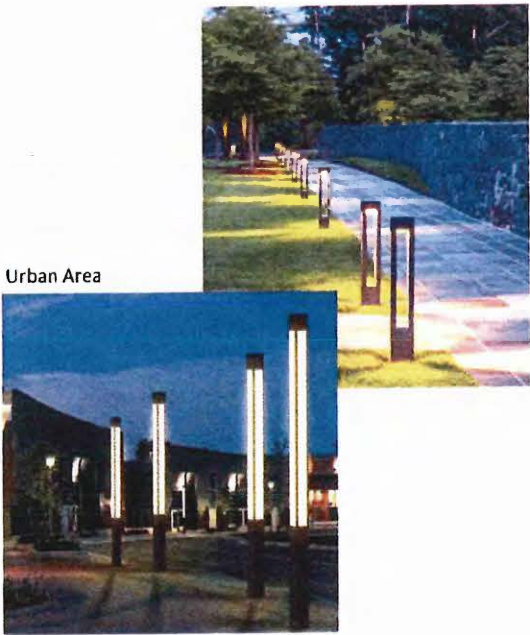


EXHIBIT C

PUBLIC IMPROVEMENTS AND PROJECT COSTS

The Projects listed and their costs are estimates and final projects and costs of the Public Improvements shall be as set forth in the applicable Service and Assessment Plan. The Service and Assessment Plan will also include costs of issuance for the PID Bonds.



FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023

CONSTRUCTION COST SUMMARY

UNIT A: SITE PREPARATION	\$ 235,000
UNIT B: CLEARING, GRUBBING, & DEMOLITION	\$ 876,660
UNIT C: POLLUTION PREVENTION AND MISCELLANEOUS	\$ 102,750
UNIT D: EARTHWORK, PAVING & GRADING	\$ 13,931,727
UNIT E: WATER DISTRIBUTION SYSTEM	\$ 993,312
UNIT F: STORM DRAINAGE SYSTEM	\$ 4,845,663
UNIT G: DETENTION	\$ 6,880,375
UNIT H: SANITARY SEWER SYSTEM	\$ 1,227,454
UNIT I: SANITARY LIFT STATION	\$ 1,330,700
UNIT J: MISCELLANEOUS - LANDSCAPING	\$ 14,860,276
UNIT K: MISCELLANEOUS - CIVIL	\$ 6,583,184
CONSTR. CONTINGENCIES (10%)	\$ 5,186,710
ENGINEERING AND SURVEYING	\$ 1,774,145

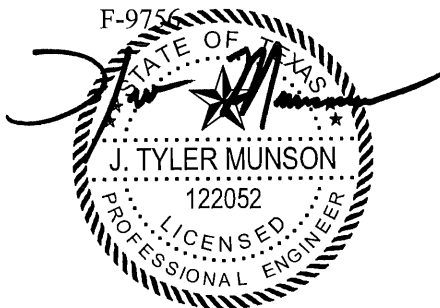
TOTAL CONSTRUCTION COSTS

\$ 58,827,956

Notes:

Approved By:

Tyler Munson
Managing Partner San Antonio
F-9756



12/14/2023 Firm #9756

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT A: SITE PREPARATION</u>					
1.	Mobilization	LS	1.00	<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>
2.	Construction Staking	LS	1.00	<u>\$ 35,000.00</u>	<u>\$ 35,000.00</u>
UNIT A SUB-TOTAL BID					<u><u>\$ 235,000.00</u></u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT B: CLEARING, GRUBBING, & DEMOLITION</u>					
1.	Light Clearing - Chip and Haul' (including but not limited to removal of trees, stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	22.81	\$ 5,500.00	\$ 125,455.00
2.	Heavy Clearing - Chip and Haul' (including but not limited to removal of trees, stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	71.23	\$ 8,500.00	\$ 605,455.00
3.	3" Force Main Removal and Disposal, Complete in place	LF	1,400.00	\$ 25.00	\$ 35,000.00
4.	30" Force Main Removal and Disposal, Complete in place	LF	1,500.00	\$ 25.00	\$ 37,500.00
5.	12" Waterline Removal and Disposal, Complete in place	LF	2,930.00	\$ 25.00	\$ 73,250.00
UNIT B SUB-TOTAL BID					<u>\$ 876,660.00</u>

FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT C: POLLUTION PREVENTION AND MISCELLANEOUS</u>					
1.	Reinforced Filter Fabric Fence	LF	15,000	\$ 1.65	\$ 24,750.00
2.	Inlet Protection, Stage One	EA	17	\$ 80.00	\$ 1,360.00
3.	Inlet Protection, Stage Two	EA	44	\$ 60.00	\$ 2,640.00
4.	Submit N.O.I.s & N.O.T.s, Review PPP, and posting of materials on job site.	LS	1	\$ 3,000.00	\$ 3,000.00
5.	Maintain and Repair RFFF	MO	12	\$ 3,000.00	\$ 36,000.00
6.	PPP Inspection and Reporting	MO	12	\$ 1,000.00	\$ 12,000.00
7.	Street Cleaning	HR	200	\$ 65.00	\$ 13,000.00
8.	Stabilized Construction Exit	EA	2	\$ 3,000.00	\$ 6,000.00
9.	Type II Filter Dam	EA	2	\$ 2,000.00	\$ 4,000.00
UNIT C SUB-TOTAL BID					<u>\$ 102,750.00</u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT D: EARTHWORK, PAVING & GRADING</u>					
1.	8" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	20,635	\$ 70.00	\$ 1,444,450.00
2.	7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	33,844	\$ 65.00	\$ 2,199,860.00
3.	6" Reinforced Concrete Curb, Complete in place	LF	29,287	\$ 4.20	\$ 123,006.58
4.	8" Stabilized Subgrade, Complete in place	SY	55,544	\$ 3.60	\$ 199,958.40
5.	4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	6,655	\$ 40.00	\$ 266,200.00
6.	2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	6,655	\$ 2.00	\$ 13,310.00
7.	Detention Pond Excavation - Fill and Compaction Onsite, complete in place	CY	268,371	\$ 4.50	\$ 1,207,669.50
8.	Detention Pond Excavation - Fill Offsite, Complete in place	CY	442,014	\$ 17.00	\$ 7,514,238.00
9.	Utility Spoils - Fill Offsite, Complete in place	CY	11,450	\$ 17.00	\$ 194,650.00
10.	Traffic/Street Name Sign, Complete in Place	EA	42	\$ 3,000.00	\$ 126,000.00
11.	Striping, Complete in Place	LS	6,700	\$ 1.55	\$ 10,385.00
12.	Wheelchair Ramps	EA	84	\$ 5,500.00	\$ 462,000.00
13.	Traffic Control - Bay Area Blvd	LS	1	\$ 45,000.00	\$ 45,000.00
14.	Traffic Control - FM 528	LS	1	\$ 125,000.00	\$ 125,000.00
UNIT D SUB-TOTAL BID					<u>\$13,931,727.48</u>

FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT E: WATER DISTRIBUTION SYSTEM</u>					
1.	12" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	4,793	\$ 80.00	\$ 383,440.00
2.	10" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	197	\$ 55.00	\$ 10,835.00
3.	8" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	1,846	\$ 50.00	\$ 92,300.00
4.	1.5" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	86	\$ 30.00	\$ 2,580.00
4.	12" Jack and Bore, Complete in Place	LF	54	\$ 175.00	\$ 9,450.00
5.	12" Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000.00
6.	12" Wet Connection, Complete in Place	EA	3	\$ 2,400.00	\$ 7,200.00
7.	10" Plug and Clamp, Complete in Place	EA	3	\$ 1,200.00	\$ 3,600.00
8.	8" Plug and Clamp, Complete in Place	EA	8	\$ 1,000.00	\$ 8,000.00
9.	1.5" Plug and Clamp, Complete in Place	EA	1	\$ 200.00	\$ 200.00
9.	1.5" Meter, Complete in Place	EA	1	\$ 5,000.00	\$ 5,000.00
10.	1.5"Double Check Backflow Preventor, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500.00
9.	Fire Hydrant incl. Valve and Tee, Complete in Place	EA	14	\$ 7,500.00	\$ 105,000.00
10.	12" Gate Valve & Box, Complete in Place	EA	15	\$ 3,700.00	\$ 55,500.00
11.	10" Gate Valve & Box, Complete in Place	EA	5	\$ 3,000.00	\$ 15,000.00
12.	8" Gate Valve & Box, Complete in Place	EA	15	\$ 2,100.00	\$ 31,500.00
13.	1.5" Gate Valve & Box, Complete in Place	EA	1	\$ 572.00	\$ 572.00
14.	OSHA Trench Safety System	LF	7,090	\$ 1.50	\$ 10,635.00
UNIT E SUB-TOTAL BID					<u>\$ 993,312.00</u>

FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT F: STORM DRAINAGE SYSTEM</u>					
1.	24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	5,609	\$ 115.00	\$ 645,035.00
2.	30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	831	\$ 145.00	\$ 120,495.00
3.	36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,097	\$ 200.00	\$ 219,400.00
4.	42" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	369	\$ 285.00	\$ 105,165.00
5.	48" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	367	\$ 320.00	\$ 117,440.00
6.	48" CMP (All Cuts), Complete in Place	LF	276	\$ 320.00	\$ 88,320.00
7.	60" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	395	\$ 500.00	\$ 197,500.00
8.	72" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	690	\$ 730.00	\$ 503,700.00
9.	84" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,029	\$ 1,100.00	\$ 1,131,900.00
10.	6'x6' Reinforced Concrete Box, C1433 (All Cuts), Complete in Place	LF	772	\$ 1,250.00	\$ 965,000.00
11.	Trench Dewatering	LF	2,073	\$ 35.00	\$ 72,555.00
12.	Type "A" Inlet, Complete in Place	EA	14	\$ 5,500.00	\$ 77,000.00
13.	Type "B-B" Inlet, Complete in Place	EA	42	\$ 4,500.00	\$ 189,000.00
14.	Type "C" Manhole (42" and smaller), Complete in Place	EA	39	\$ 4,500.00	\$ 175,500.00
15.	Type "C" Manhole (42" and smaller) w/ Ty."A" Inlet, Complete in Place	EA	1	\$ 7,500.00	\$ 7,500.00
16.	Type "C" Manhole (48"-72"), Complete in Place	EA	12	\$ 9,000.00	\$ 108,000.00
17.	Type "C" Manhole (84" and Larger), Complete in Place	EA	7	\$ 15,000.00	\$ 105,000.00
18.	OSHA Trench Safety System	LF	11,435	\$ 1.50	\$ 17,152.50
UNIT F SUB-TOTAL BID					<u>\$ 4,845,662.50</u>

FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT G: DETENTION</u>					
1.	Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCD Standards), Complete in Place	EA	8	\$ 14,500.00	\$ 116,000.00
2.	Backslope Swale, Complete in Place	LF	4,000	\$ 5.50	\$ 22,000.00
3.	Stabilization Utilizing Flexterra High Performance Flexible Growth Medium (HP-fgm) w/ 1 Inch within the first 6 Weeks. All Seeds to Have 95% Germination or Higher	AC	15	\$ 3,500.00	\$ 50,750.00
4.	Stabilization Utilizing Standard Hydromulch w/ 1 Inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	8	\$ 3,000.00	\$ 24,000.00
5.	Dewatering	LS	1	\$ 500,000.00	\$ 500,000.00
6.	Reinforced Concrete Slope Paving (5" thick per HCFCD Standards), Complete in Place	SY	1,780	\$ 100.00	\$ 178,000.00
7.	Riprap - Gradation No. 1 (18" thick per HCFCD Standards), Complete in Place	SY	225	\$ 65.00	\$ 14,625.00
8.	Floatable Collection Screen Structure (Per HCFCD Standards), Complete in Place	LS	1	\$ 75,000.00	\$ 75,000.00
9.	Sheet Piling (20 Tall from Top of Bank to Bottom of Pond), Complete in Place	LF	1,400	\$ 3,000.00	\$ 4,200,000.00
10.	4' Retaining Wall Cast In Place, Complete in Place	LF	2,800	\$ 500.00	\$ 1,400,000.00
11.	8' Retaining Wall Cast In Place, Complete in Place	LF	300	\$ 1,000.00	\$ 300,000.00
UNIT G SUB-TOTAL BID					<u>\$ 6,880,375.00</u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT H: SANITARY SEWER SYSTEM</u>					
1.	12" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,369	\$ 85.00	\$ 116,365.00
2.	12" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	745	\$ 100.00	\$ 74,500.00
3.	12" SDR 26 PVC Sewer (16' - 20' depth), Complete in Place	LF	0	\$ 125.00	\$ -
4.	8" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,189	\$ 50.00	\$ 59,450.00
5.	8" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	640	\$ 65.00	\$ 41,600.00
6.	Precast Concrete Manhole, Complete in Place	EA	7	\$ 6,000.00	\$ 42,000.00
7.	Extra Depth for Standard MH 8' - 12' Depth	VF	47	\$ 275.00	\$ 12,925.00
8.	Extra Depth for Standard MH Over 12' Depth	VF	9	\$ 300.00	\$ 2,700.00
9.	8" Sanitary Sewer Plug, Complete in Place	EA	10	\$ 1,000.00	\$ 10,000.00
10.	Trench Dewatering	LF	1,354	\$ 35.00	\$ 47,390.00
11.	28" Force Main, Complete in Place	LF	1,658	\$ 170.00	\$ 281,860.00
12.	6" Force Main, Complete in Place	LF	926	\$ 45.00	\$ 41,670.00
13.	3" Force Main, Complete in Place	LF	1,359	\$ 35.00	\$ 47,565.00
14.	6" Force Main Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000.00
15.	3" Force Main Directional Bore, Complete in Place	LF	200	\$ 750.00	\$ 150,000.00
16.	Air Release Valve for 30", Complete in Place	EA	0	\$ 4,500.00	\$ -
17.	Air Release Valve for 6", Complete in Place	EA	1	\$ 4,000.00	\$ 4,000.00
18.	Air Release Valve for 3", Complete in Place	EA	2	\$ 3,500.00	\$ 7,000.00
18.	30" Force Main Connection to Ex. 30" FM, Complete in Place	EA	2	\$ 10,500.00	\$ 21,000.00
19.	6" Force Main Tie Into Existing MH, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500.00
20.	3" Force Main Tie Into Existing MH, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500.00
19.	OSHA Trench Safety System	LF	8,286	\$ 1.50	\$ 12,429.00
UNIT H SUB-TOTAL BID					<u>\$1,227,454.00</u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT I: SANITARY LIFT STATION</u>					
1.	Lift Station, Complete in Place	LS	1	\$1,250,000.00	\$1,250,000.00
2.	6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	370	\$60.00	\$22,200.00
3.	12' Wide 6' Chain Link Gate w/ 2' ft of barbed wire, Complete in place	EA	1	\$5,000.00	\$5,000.00
4.	6' Chain Link Fence w/ 2' ft of barbed wire, Complete in place	LF	214	\$250.00	\$53,500.00
UNIT I SUB-TOTAL BID					<u>\$1,330,700.00</u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT J: MISCELLANEOUS - LANDSCAPING</u>					
1.	Bath House *	SF	650	\$435.00	\$282,750.00
2.	Site Utilities ROW *	EA	16	\$850.00	\$13,600.00
3.	Benches/ Admen *	EA	45	\$1,650.00	\$74,250.00
4.	Landscape ROW *	EA	1	\$2,450,000.00	\$2,450,000.00
5.	Pavers *	SF	35,600	\$15.00	\$534,000.00
6.	Fire Station *	LS	1	\$8,300,000.00	\$8,300,000.00
7.	Decomposed Granite *	CF	80,903	\$5.88	\$475,706.70
8.	Concrete Edge Band *	CF	32,361	\$8.52	\$289,451.17
9.	Limestone Benches *	LF	56	\$1,200.00	\$67,200.00
10.	Landscape *	EA	12,000	\$50.00	\$600,000.00
11.	Solar Lighting *	EA	65	\$3,450.00	\$224,250.00
12.	General Conditions *	EA	1	\$465,360.19	\$465,360.19
13.	Builder Risk Insurance *	EA	1	\$188,470.88	\$188,470.88
14.	Liability Insurance *	EA	1	\$125,647.25	\$125,647.25
15.	Sales Tax *	EA	1	\$518,294.91	\$518,294.91
16.	Profit *	EA	1	\$251,294.50	\$251,294.50
UNIT J SUB-TOTAL BID					<u>\$ 14,860,276</u>

* LANDSCAPING, PARK, AND AMMENITY ESTIMATES ON THIS ENGINEER'S OPINION OF PROBABLE COST WERE PROVIDED BY DIAMOND DEVELOPMENT GROUP.

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT K: MISCELLANEOUS - CIVIL</u>					
1.	Blackhawk Intersection Improvements, Complete in place	LS	1	\$ 500,000.00	\$ 500,000.00
2.	Townes Road Intersection Improvements, Complete in place	LS	1	\$ 400,000.00	\$ 400,000.00
3.	Left Turn Lane Southbound at Townes Rd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000.00
4.	Left Turn Lane Southbound at Blackhawk Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000.00
5.	Left Turn Lane NorthEastbound at Bay Area Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000.00
6.	Bridge Westbound (2 lanes) on Blackhawk from Station 27+42.67 to 25+70, Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000.00
7.	Bridge Eastbound (2 lanes) on Blackhawk from Station 25+72.33 to 27+37.33, Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000.00
8.	Street Lights w/ foundation, Complete in Place	EA	30	\$ 20,000.00	\$600,000.00
9.	Underground Duct Bank	LF	4,300	\$ 400.00	\$1,720,000.00
10.	Private Road 6" 3,500 PSI Reinforced Concrete Pavement, Complete in place	SY	3,950	\$ 55.00	\$217,250.00
11.	Private Road 6" Reinforced Concrete Curb, Complete in place	LF	2,269	\$ 4.20	\$9,529.80
12.	Private Road 8" Stabilized Subgrade, Complete in place	SY	4,215	\$ 3.60	\$15,174.00
13.	Private Road 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk) , Complete in place	SY	244	\$ 40.00	\$9,760.00
14.	Private Road 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	321	\$ 80.00	\$25,680.00
15.	Private Road 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	416	\$ 100.00	\$41,600.00
16.	Private Road 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	222	\$ 145.00	\$32,190.00
17.	Private Road 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	85	\$ 200.00	\$17,000.00
18.	Private Road Type "C" Manhole (42" and smaller) w/ Ty. "A" Inlet, Complete in Place	EA	6	\$ 7,500.00	\$45,000.00
19.	Private Road Street Lights w/ foundation, Complete in Place	EA	5	\$ 20,000.00	\$100,000.00
UNIT K SUB-TOTAL BID					<u>\$ 6,583,184</u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ENGINEERING FEES SUMMARY

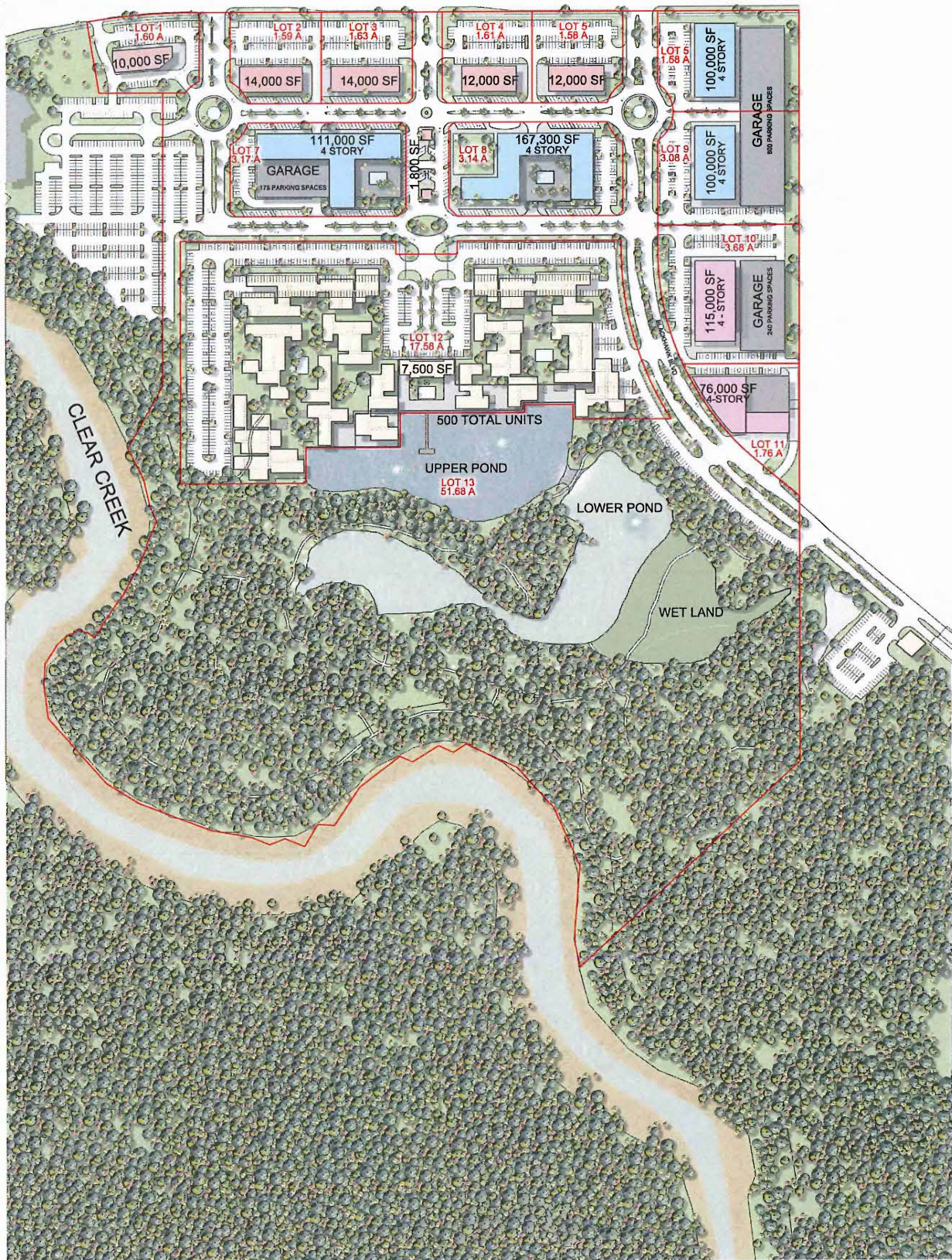
<u>BASIC SERVICES</u>	Amount
Engineering and Surveying through Change Order No. 3	<u>\$ 1,686,350.00</u>
Geotechnical Engineering	<u>\$ 73,441.00</u>
Surveying by Bondary 1	<u>\$ 14,354.20</u>
TOTAL ENGINEERING FEES	<u>\$ 1,774,145.20</u>

EXHIBIT D

CONCEPT PLAN

- RETAIL | 62,000 SF
- OFFICE | 191,000 SF
- MIXED USE | 478,300 SF
- GARAGE | 1,215 PARKING SPACES
- APARTMENTS | 500 UNITS

FM 528



528 FRIENDSWOOD
CITY CENTER
SITE PLAN



EXHIBIT E

LANDOWNER CONSENT

CONSENT AND AGREEMENT OF LANDOWNERS

This Consent and Agreement of Landowner is issued by _____, an _____, as the landowner (the "Landowner") who collectively hold record title to all property located within the [Friendswood City Center Public Improvement District] (the "PID") created by the City of Friendswood. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the City's ordinance levying assessments on property within the PID, dated _____, 20__, including the Service and Assessment Plan and Assessment Rolls attached thereto (the "Assessment Ordinance"). [TO BE EXECUTED PRIOR TO THE LEVY OF ASSESSMENTS FOR EACH SERIES OF BONDS WITH EACH PHASE]

Landowner hereby declares and confirms that the Landowner holds record title to all property in the PID which is subject to the Assessment Ordinances, as set forth on Exhibit A. Further, Landowner hereby ratifies, declares, consents to, affirms, agrees to and confirms each of the following:

1. The creation and boundaries of the PID, the boundaries of each Assessed Property, and the Authorized Improvements for which the Assessments are being made, as set forth in the Service and Assessment Plan.
2. The determinations and findings as to benefits by the City in the Assessment Ordinance and the Service and Assessment Plan.
3. The Assessment Ordinance and the Service and Assessment Plan and Assessment Roll.
4. The right, power and authority of the City Council to adopt the Assessment Ordinances and the Service and Assessment Plans and Assessment Roll;
5. Each Assessment levied on each Assessed Property as shown in the Service and Assessment Plan (including interest and Administrative Expenses as identified in the Service and Assessment Plan and as updated from time to time as set forth in the Service and Assessment Plan).
6. The Authorized Improvements specially benefit the Assessed Property in an amount in excess of the Assessment levied on each Assessed Property, as such Assessments are shown on the Assessment Roll.
7. Each Assessment is final, conclusive and binding upon such Landowners, regardless of whether such Landowners may be required to pay Assessments under certain circumstances pursuant to the Service and Assessment Plan.

8. The then-current owner of each Assessed Property shall pay the Assessment levied on the Assessed Property owned by it when due and in the amount required by and stated in the Service and Assessment Plan and the Assessment Ordinance.
9. Delinquent installments of the Assessment shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act.
10. The "Annual Installments" of the Assessments may be adjusted, decreased and extended in accordance with the Service and Assessment Plan, and the then-current owner of each Assessed Property shall be obligated to pay its revised amounts of the Annual Installments, when due, and without the necessity of further action, assessments or reassessments by the City.
11. All notices required to be provided to it under the PID Act have been received and to the extent of any defect in such notice, Landowners hereby waive any notice requirements and consents to all actions taken by the City with respect to the creation of the PID and the levy of the Assessments.
12. That the resolution creating the PID, the Ordinance levying the Assessments, the Service and Assessment Plan and a Notice of Creation of Special Assessment District and Imposition of Special Assessment to be provided by the City, shall be filed in the records of the County Clerk of Harris County, with copies of the recorded documents delivered to the City promptly after receipt thereof by the recording party, as a lien and encumbrance against the Assessed Property.
13. Each Assessed Property owned by the Landowner identified in the Service and Assessment Plan and Assessment Roll are wholly within the boundaries of the PID.
14. There are no Parcels owned by the Landowner within the boundaries of the PID that are not identified in the Service and Assessment Plan and the Assessment Roll.
15. Each Parcel owned by the Landowner identified in the Service and Assessment Plan and Assessment Roll against which no Assessment has been levied was Non-Benefited Property as of _____, 20__.

Originals and Counterparts. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

[Execution page follows]

IN WITNESS WHEREOF, the undersigned has caused this Agreement and Consent of Landowner to be executed as of _____, 20__.

_____, LLC,
an _____

By:

By:

By: _____
Name: _____
Its

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the _____ day of _____, 20__ by _____, as, an _____ limited liability company on behalf of said company.

Notary Public, State of Texas

EXHIBIT F

FORM OF PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. _____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of _____ (the “Indenture”) relating to the “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 20__ (Friendswood City Center Public Improvement District Project)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the _____, LLC an _____ limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

_____ the Public Improvement Account of the Project Fund

from _____, N.A., (the “Trustee”), in the amount of _____ (\$_____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Public Improvements providing a special benefit to property within the Friendswood City Center Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Public Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Public Improvements below is a true and accurate representation of the Public Improvements associated with the creation, acquisition, or construction of said Public Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Public Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Assessments it owes or an entity the Developer controls owes, located in the _____ Public Improvement District and has no outstanding delinquencies for such Assessments.

6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

7. The work with respect to Public Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Public Improvements (or its completed segment).

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Payee / Description of Public Improvement	Total Cost Public Improvement	Budgeted Cost of Public Improvement	Amount requested be paid from the Public Improvement Account

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Public Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

_____, LLC,
an _____ limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Reimbursement Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Public Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Improvement Account
\$ _____	\$ _____

CITY OF FRIENDSWOOD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT G

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for _____, LP, (the "Developer") and requests payment from:

[the Cost of Issuance Account of the Project Fund][the Improvement Account of the Project Fund] from _____, (the "Trustee") in the amount of _____ DOLLARS (\$_____) for costs incurred in the establishment, administration, and operation of the Friendswood City Center Public Improvement District (the "District"), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

_____, LLC,
an _____ limited liability company

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account
\$ _____	\$ _____

CITY OF FRIENDSWOOD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT H

DISCLOSURE PROGRAM

The Developer perform the following with respect to disclosure to buyers of residential property in the PID and if lots are sold to third-party builders, shall require in its contracts with such builders within the PID that the builders provide notice to prospective purchasers in accordance with the following minimum requirements:

1. Attach the final Assessment Roll for such Assessed Parcel (or if the Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30-year payment for such Assessed Parcel) in an addendum to each purchaser's contract on brightly colored paper.
2. Collect a copy of the addendum signed by each buyer and provide to the City.
3. Require signage indicating that the Property for sale is located in a special assessment district and require that such signage be located in conspicuous places within the Development.
4. Notify Settlement Companies that they are required to include special taxes on HUD 1 forms and include in total estimated taxes for the purpose of setting up tax escrows.

EXHIBIT I

DRAINAGE IMPROVEMENTS

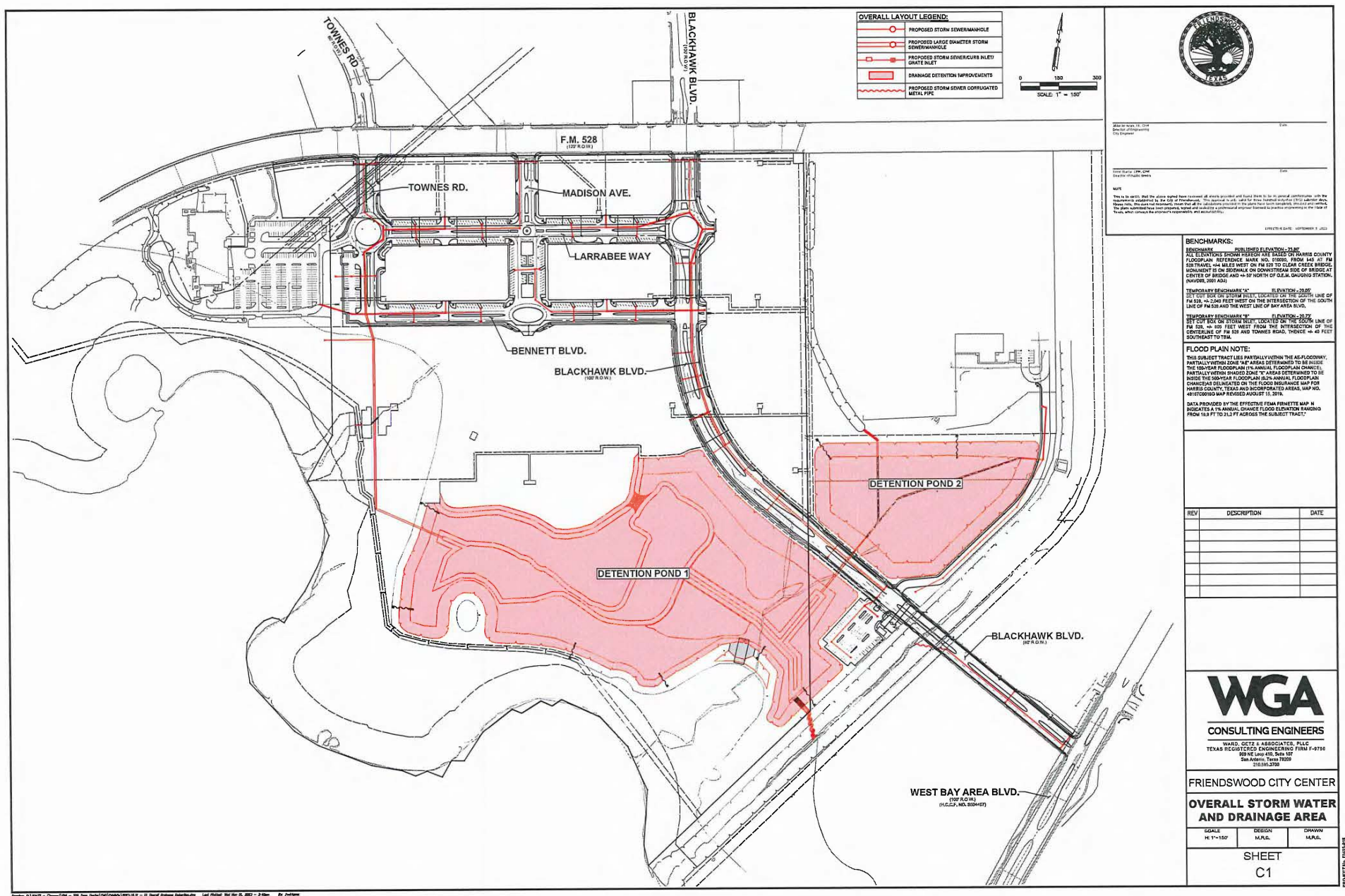


EXHIBIT J
FORM OF DRAINAGE PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. _____

Reference is made to that certain development agreement between _____ (the “Developer”) and the City, (the “Development Agreement”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Development Agreement. The Developer requests payment to the Developer (or to the person designated by the Developer) from the City for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Drainage Improvements within the Friendswood City Center Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Drainage Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Drainage Improvements below is a true and accurate representation of the Drainage Improvements associated with the creation, acquisition, or construction of said Drainage Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Public Improvements as set forth in the Development Agreement and/or the TIRZ Project and Financing Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement and the TIRZ Project and Financing Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Assessments it owes or an entity the Developer controls owes, located in the City Center Public Improvement District and has no outstanding delinquencies for such taxes or Assessments.
6. All conditions set forth in the Development Agreement and TIRZ Project and Financing Plan for the payment hereby requested have been satisfied.

7. The work with respect to Drainage Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Drainage Improvements (or its completed segment).
8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Payee / Description of Drainage Improvement	Total Cost Drainage Improvement	Budgeted Cost of Drainage Improvement	Amount requested be paid

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Drainage Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

Payments requested hereunder shall be made as directed below:

- e. X amount to Person or Account Y for Z goods or services.
- f. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

_____, LLC,
an _____ limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, or TIRZ Project and Financing Plan, or any other agreement between the parties or that there is a defect in the Drainage Improvements.

Amount of Payment Certificate Request	Amount to be Paid from Drainage Bond Proceeds	Amount to be paid from TIRZ Revenues
\$ _____	\$ _____	\$ _____

CITY OF FRIENDSWOOD, TEXAS

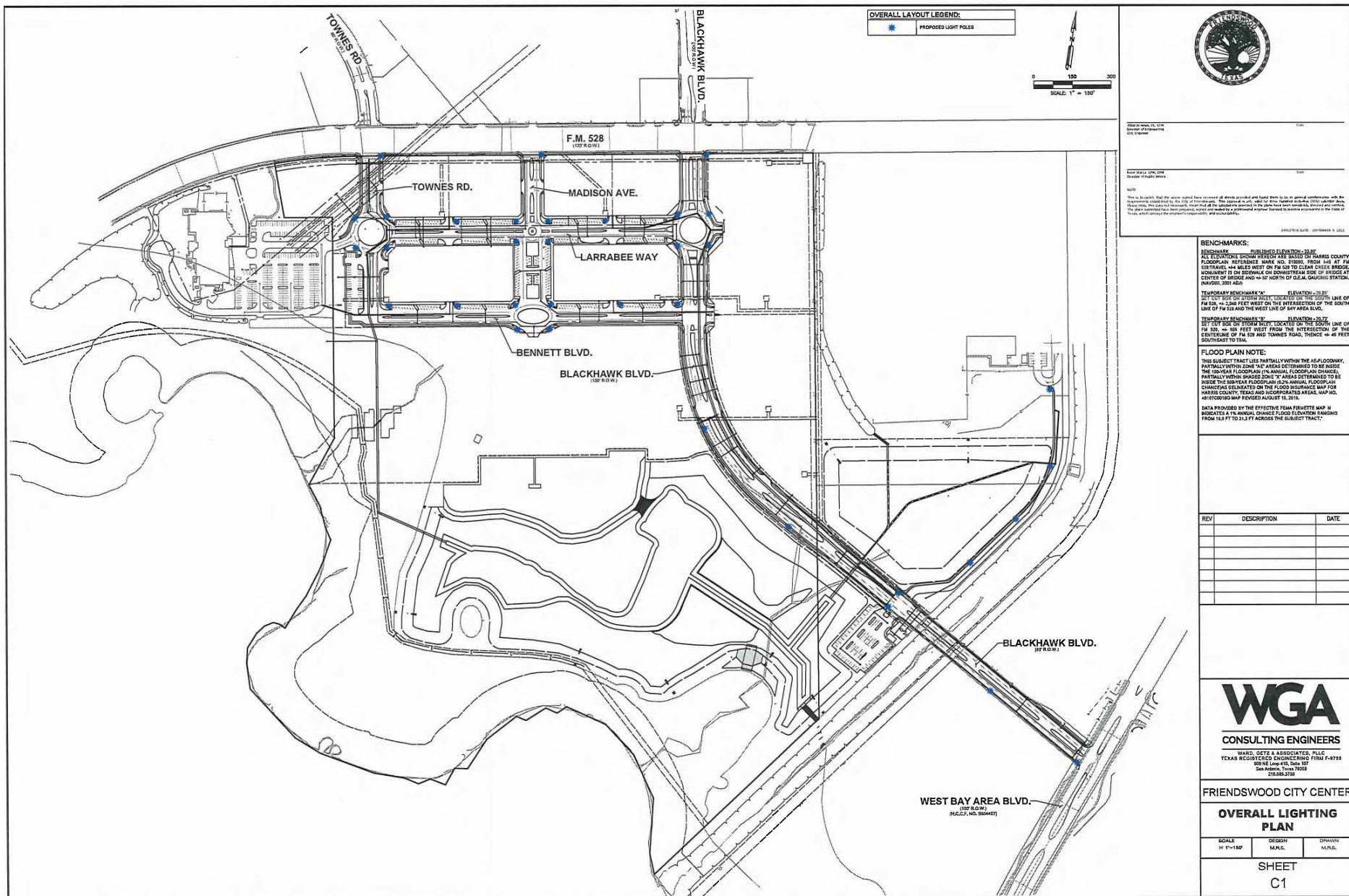
By: _____

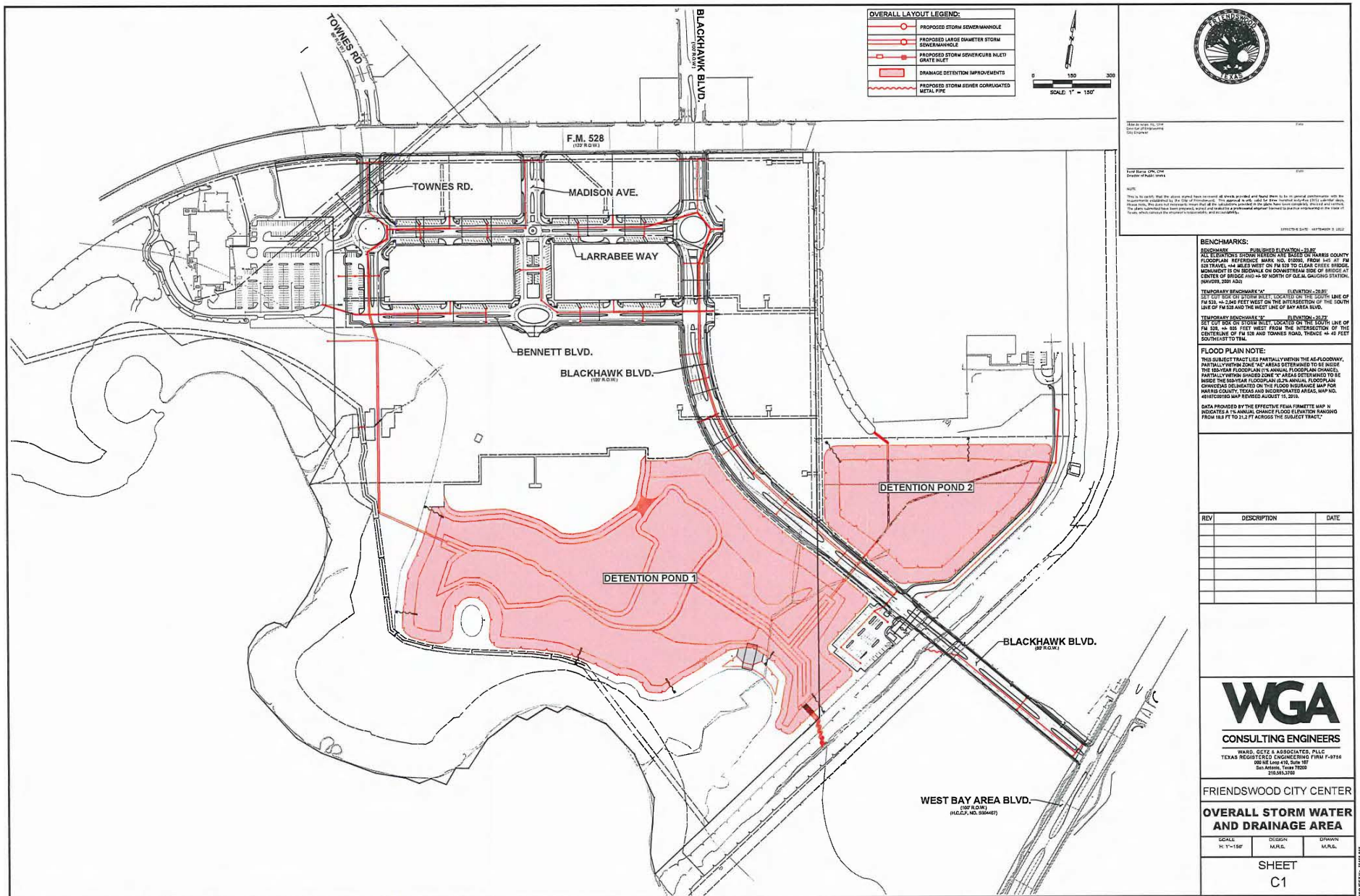
Name: _____

Title: _____

Date: _____

EXHIBIT K
CITY IMPROVEMENTS





BENCHMARKS:

BENCHMARK PUBLIC ELEVATION: 28.87
ALL ELEVATIONS SHOWN ARE BASED ON TARRANT COUNTY FLOODPLAIN REFERENCE MARK NO. 20200. FROM 1/4" AT FM 528 TRAIL, 1/4" ALLEY WEST ON FM 528 TO CLEAR CREEK BRIDGE. MONUMENT IS ON SIDEWALK ON DOWNSTREAM SIDE OF BRIDGE AT CENTER OF BRIDGE 1/4" N 87° NORTH OF U.S. MAILING STATION. (NAVD83, 2001 AD)

TEMPORARY BENCHMARK "1" ELEVATION: 28.87
SET TOP OF CURB ON PAVEMENT LOCATED ON THE SOUTH LINE OF FM 528, 1/4" S&E FEET WEST ON THE INTERSECTION OF THE SOUTH LINE OF FM 528 AND THE WEST LINE OF S&E AREA BLVD.

TEMPORARY BENCHMARK "2" ELEVATION: 28.87
SET TOP OF CURB ON PAVEMENT LOCATED ON THE SOUTH LINE OF FM 528, 1/4" S&E FEET WEST FROM THE INTERSECTION OF THE CENTERLINE OF FM 528 AND TOWNES ROAD, THENCE 1/4" S&E FEET SOUTHEAST TO TBM.

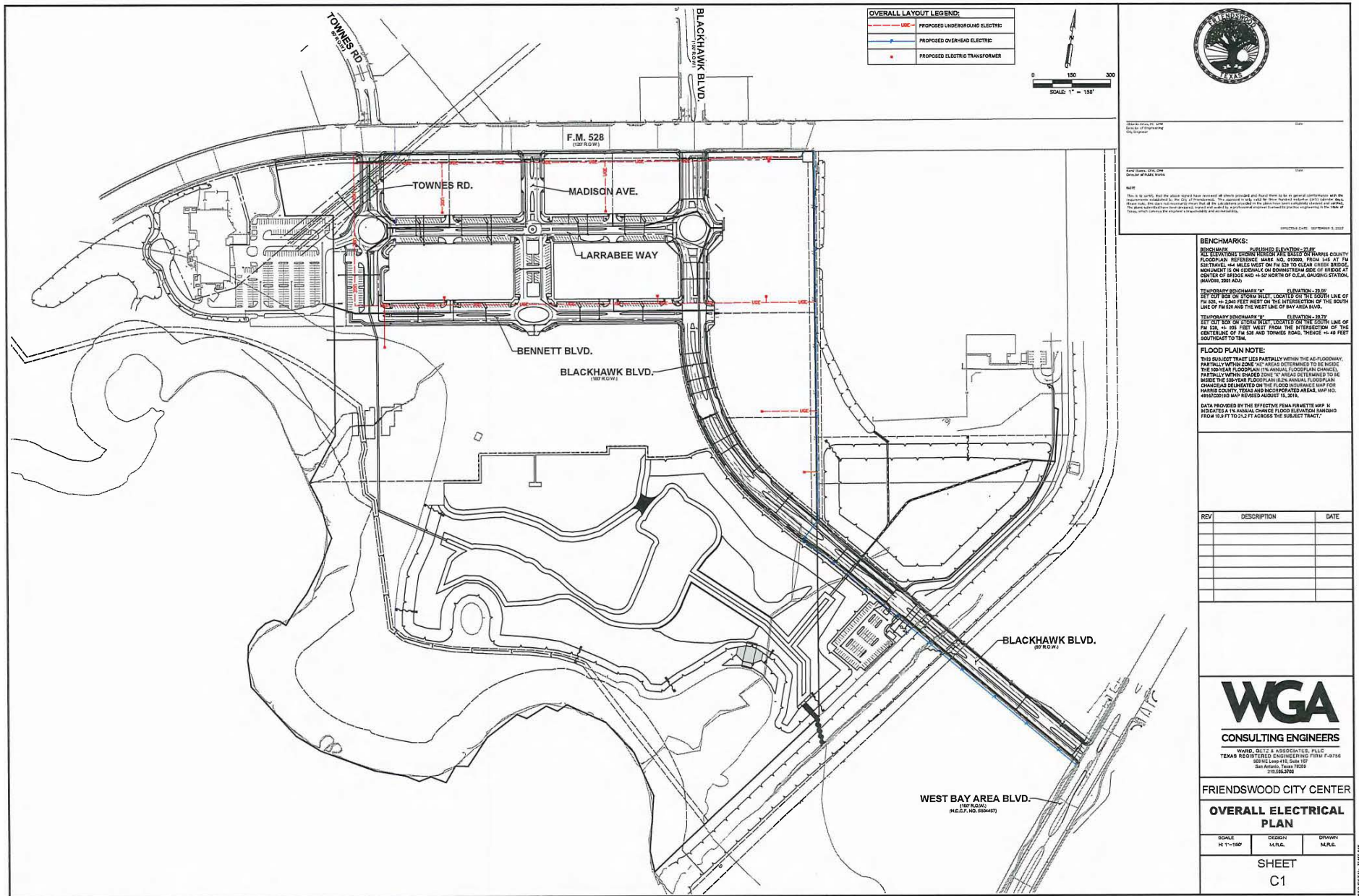
FLOOD PLAIN NOTE:
THIS SUBJECT TRACT LIES PARTIALLY WITHIN THE 1% ANNUAL FLOODPLAIN, PARTIALLY WITHIN ZONE "A" AREAS DETERMINED TO BE INSIDE THE 1% ANNUAL FLOODPLAIN, 1% ANNUAL FLOODPLAIN CHANGED, PARTIALLY WITHIN ZONE "A" AREAS DETERMINED TO BE INSIDE THE 1% ANNUAL FLOODPLAIN, 1% ANNUAL FLOODPLAIN CHANGED AS DELINEATED ON THE FLOOD INSURANCE MAP FOR MARIC COUNTY, TEXAS AND INCORPORATED AREAS, MAY NO. 491500000 MAP REVISED AUGUST 15, 2018.

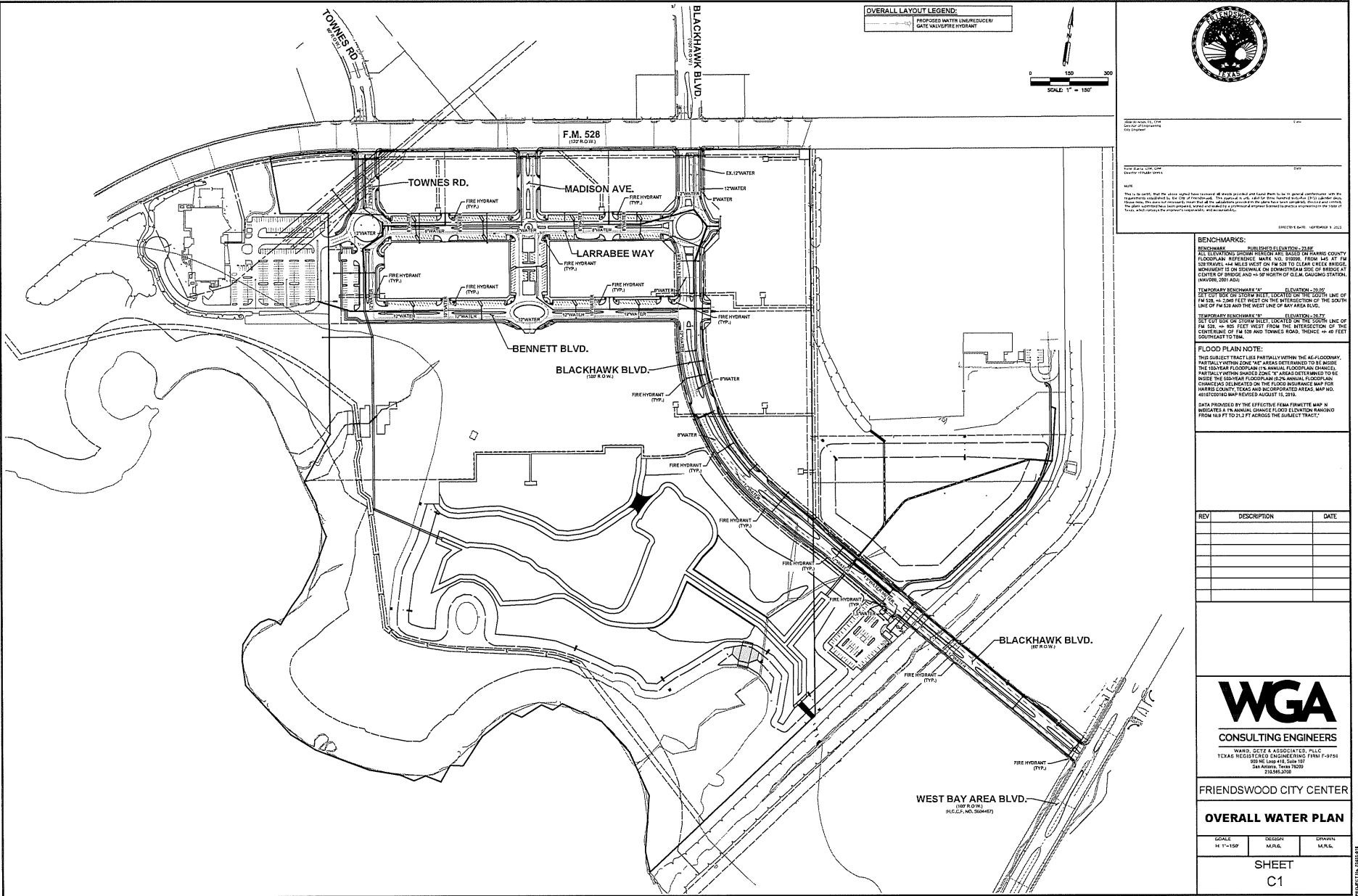
DATA PROVIDED BY THE EFFECTIVE FLOOD PLAINETTE MAP
INDICATES A 1% ANNUAL CHANCE FLOOD ELEVATION RANGING FROM 18.8 FT TO 31.2 FT ACROSS THE SUBJECT TRACT.

REV	DESCRIPTION	DATE

WGA
CONSULTING ENGINEERS
WARD, GETZ & ASSOCIATES, PLLC
TEXAS REGISTERED ENGINEERING FIRM F-18754
900 NE LINDA AVE, SUITE 100
SAL ADAMS, TEXAS 75080
214.350.3330

FRIENDSWOOD CITY CENTER
OVERALL STORM WATER AND DRAINAGE AREA
SCALE: 1" = 100'
DESIGN: MARC
DRAWN: MARC
SHEET C1





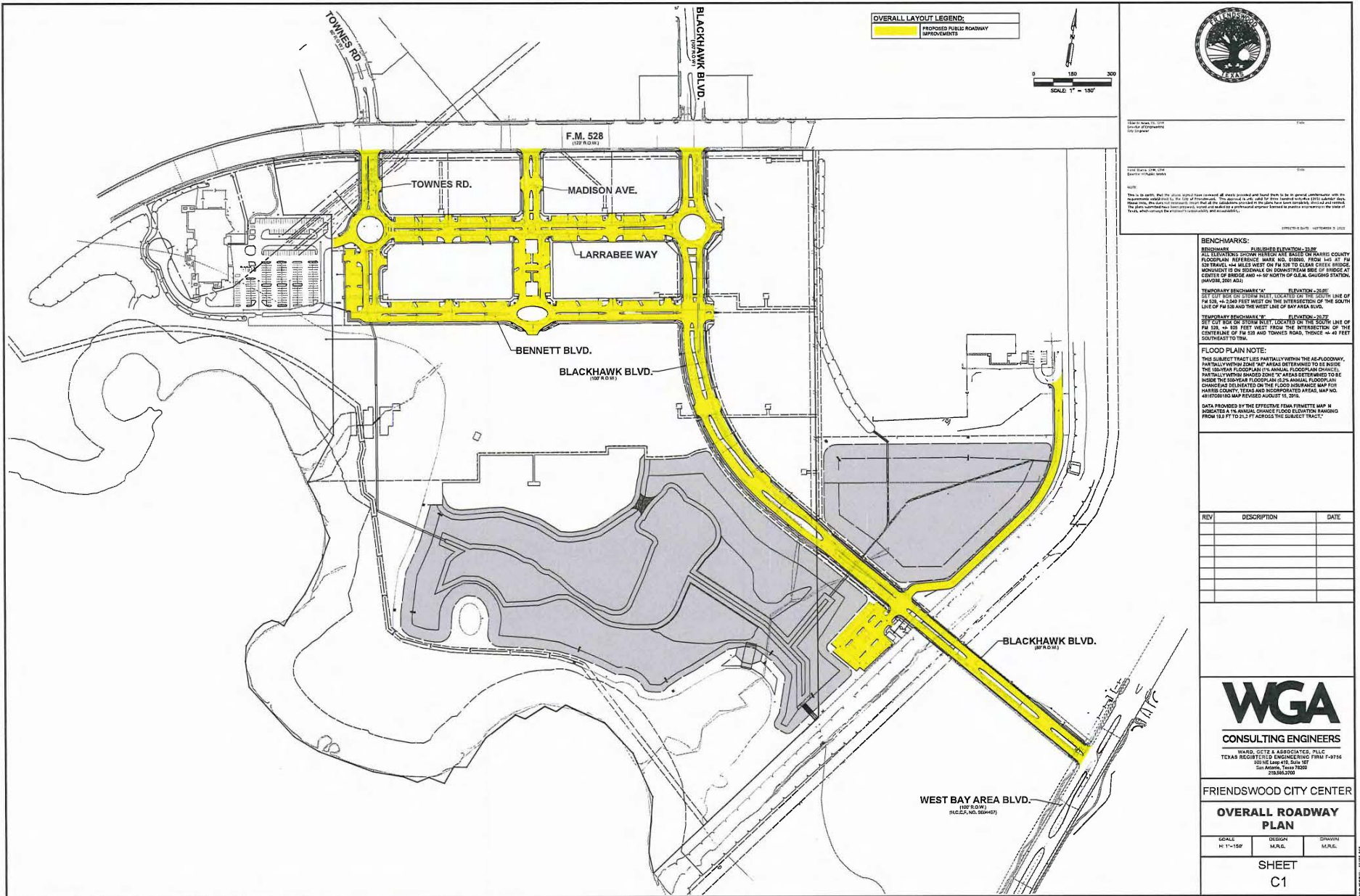


EXHIBIT L

PHASING PLAN

DOCID: DOCPROPERTY DOCXDOCID DMS=IManage Format=<<LIB>>-#<<NUM>>.<<VER>>

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APPENDIX G

PHOTOGRAPHS OF DEVELOPMENT IN THE DISTRICT

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Please attach this Supplement to the copies of the Preliminary Limited Offering Memorandum in your possession and forward copies to the parties to whom you have previously delivered copies of the Preliminary Limited Offering Memorandum.

DATE: OCTOBER 25, 2024

**SUPPLEMENT TO PRELIMINARY LIMITED OFFERING MEMORANDUM
DATED OCTOBER 24, 2024**

relating to

\$37,500,000¹

**CITY OF FRIENDSWOOD, TEXAS,
(a municipal corporation of the State of Texas located in Harris and Galveston Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS PROJECT)**

The following additional subparagraph is added to the information in the Preliminary Limited Offering Memorandum under the subheading “THE DEVELOPER – History and Financing of the District”:

Financing of Initial Major Improvements. The Initial Major Improvements will be financed with proceeds of the Bonds, the City Contribution, and equity and other contributions from the Developer and Louis Tannos. Louis Tannos has obtained a personal, unsecured revolving line of credit with Hometown Bank in the amount of \$4,000,000, which matures on October 11, 2027 (the “Revolving Line of Credit”). As of October 24, 2024, the Revolving Line of Credit has been drawn in the amount of \$2,622,887.27, and such funds constitute the Developer equity portion of funds spent on the Initial Major Improvements as of October 1, 2024. It is expected that the Developer will submit a request for reimbursement of funds spent on the Initial Major Improvements other than those provided by funds from the City Contribution from the proceeds of the Bonds at closing. The Developer is also expected to execute a completion agreement for the Initial Major Improvements at the closing of the Bonds in which the Developer is expected to agree to certify it has available funds to complete the Initial Major Improvements at the submission of each draw request.

¹ Preliminary; subject to change.

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NEW ISSUE

NOT RATED

PROSPECTIVE PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 3(A)(2) THEREIN. NO ACTION HAS BEEN TAKEN TO QUALIFY THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY STATE. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN.

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See “TAX MATTERS” herein, including information regarding potential alternative minimum tax consequences for corporations.

The Bonds WILL NOT be designated as “qualified tax-exempt obligations” for financial institutions.



\$37,500,000*

CITY OF FRIENDSWOOD, TEXAS,

(a municipal corporation of the State of Texas located in Harris and Galveston Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

**(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS PROJECT)**

Dated Date: November 1, 2024

Interest to Accrue from Date of Delivery (defined below)

Due: September 15, as shown on the inside cover

The City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the “Bonds”), are being issued by the City of Friendswood, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 15 and September 15, commencing March 15, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on November 4, 2024, and an Indenture of Trust, dated as of November 1, 2024 (the “Indenture”), to be entered into by and between the City and the Trustee.

Proceeds of the Bonds will be used to provide funds for (i) paying or reimbursing a portion of the Actual Costs of the “Initial Major Improvements” which consist of certain major infrastructure benefitting the Friendswood City Center Public Improvement District (the “District”), (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying the costs of the organization and administration of the District, and (vi) paying the costs of issuance of the Bonds. See “THE INITIAL MAJOR IMPROVEMENTS” and “APPENDIX A — Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of Assessments (as defined herein) levied against assessable properties in the District in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.”

The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX C — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Locke Lord LLP, and for the Developer by its counsel, Winstead PC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about November 27, 2024 (the “Date of Delivery”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: _____ (a)

\$37,500,000*
CITY OF FRIENDSWOOD, TEXAS,
(a municipal corporation of the State of Texas located in Harris and Galveston Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS
PROJECT)

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____%; CUSIP Suffix _____ (a) (c)

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____%; CUSIP Suffix _____ (a) (b)
(c)

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____%; CUSIP Suffix _____ (a) (b)
(c)

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____%; CUSIP Suffix _____ (a) (b)
(c)

* Preliminary; subject to change.

- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services and managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City’s Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 15, 20 __ are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20 __, at the redemption price of 100% of the principal amount plus accrued interest to the date of redemption as described herein under “DESCRIPTION OF THE BONDS — Redemption Provisions.”
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under “DESCRIPTION OF THE BONDS — Redemption Provisions.”

**CITY OF FRIENDSWOOD, TEXAS
CITY COUNCIL**

<u>Council</u>	<u>Position</u>	<u>Term Expires (May)</u>
Mike Foreman	Mayor	2027
Joe Matranga	Mayor Pro Tem	2026
John Ellisor	Councilmember	2027
Sally Branson	Councilmember	2026
Trish Hanks	Councilmember	2027
Robert J. Griffon	Councilmember	2025
Brent Erenwert	Councilmember	2025

CITY MANAGER
Morad Kabiri

CITY SECRETARY
Leticia Brysch

DIRECTOR OF FINANCE
Rhonda Bloskas

ADMINISTRATOR
P3 Works, LLC

FINANCIAL ADVISOR TO THE CITY
BOK Financial Securities, Inc.

BOND COUNSEL
Bracewell LLP

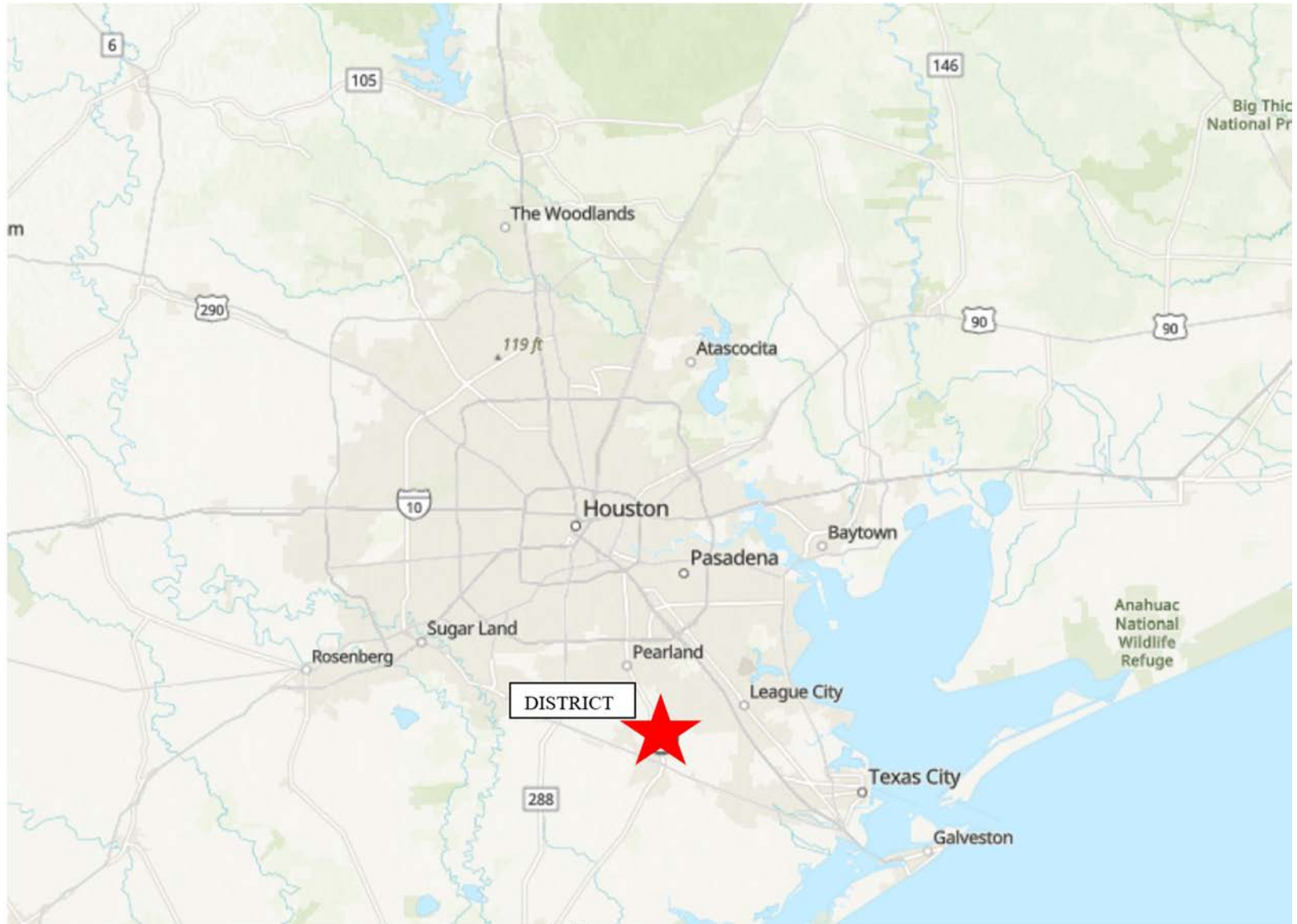
UNDERWRITER'S COUNSEL
Locke Lord LLP

For additional information regarding the City, please contact:

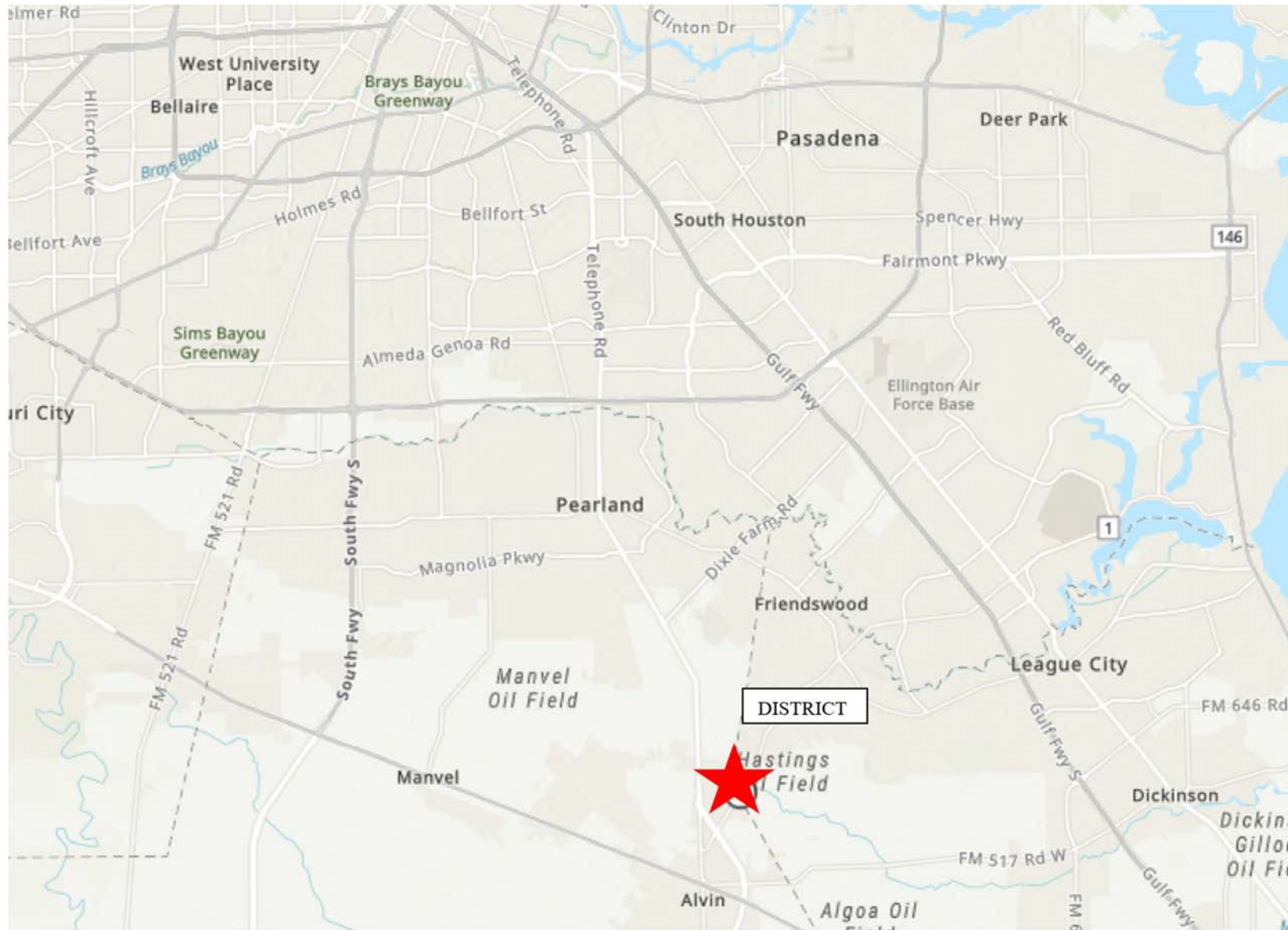
Morad Kabiri
City Manager
City of Friendswood, Texas
910 S Friendswood Drive
Friendswood, Texas 77546
(972) 996-3200
fwdcity@friendswood.com

John Robuck
BOK Financial Securities, Inc.
1401 McKinney St
Suite #1000
Houston, TX 77010
(713) 289-5897
jrobuck@bokf.com

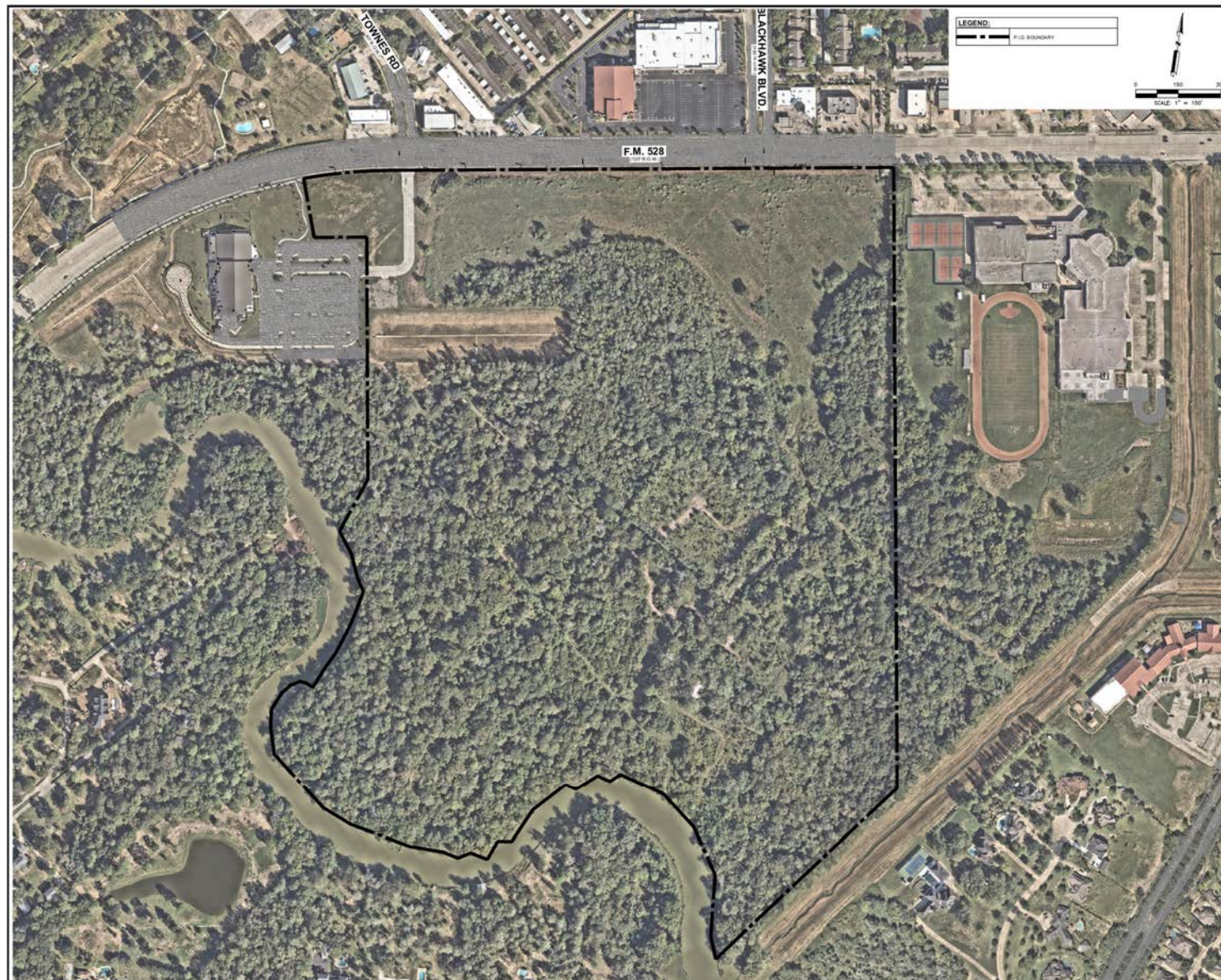
REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT



CONCEPT PLAN FOR DEVELOPABLE LAND IN THE DISTRICT



AERIAL PHOTOGRAPH OF THE DISTRICT

(Taken August 24, 2024)



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

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

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

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

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

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

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

EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER’S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS LIMITED OFFERING MEMORANDUM FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, RULE 15C2-12.

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$37,500,000*

**CITY OF FRIENDSWOOD, TEXAS,
(a municipal corporation of the State of Texas located in Harris and Galveston Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR
IMPROVEMENTS PROJECT)**

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Friendswood, Texas (the “City”), of its \$37,500,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be enacted by the City Council of the City (the “City Council”) on November 4, 2024 (the “Bond Ordinance”), and an Indenture of Trust, dated as of November 1, 2024 (the “Indenture”), to be entered into by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds will be secured by a pledge of and a lien upon the Trust Estate (as defined in the Indenture), consisting primarily of revenue from assessments (“Assessments”) to be levied for the Initial Major Improvements (as defined herein) against assessable property (the “Assessed Property”) located within the Friendswood City Center Public Improvement District (the “District”) pursuant to a separate ordinance expected to be enacted by the City Council on November 4, 2024 (the “Assessment Ordinance”). The City created the District pursuant to a resolution adopted by the City Council on January 8, 2024 (the “Creation Resolution”).

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Friendswood City Center Development Agreement between the City and Madison Development Corp., LLC, a Texas limited liability company (the “Developer”) dated January 22, 2024 (the “Development Agreement”), and P3 Works, LLC (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX A and the Form of Service and Assessment

* Preliminary; subject to change.

Plan appears in APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed in this Limited Offering Memorandum.

PLAN OF FINANCE

The District

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Initial Major Improvements and the Additional Major Improvements (each as defined herein), authorized by the PID Act and approved by the City Council that confer a special benefit on the District.

Development Plan and Plan of Finance

The District contains approximately 106 acres which are being developed as a master-planned mixed-use development expected to consist of approximately 76,408 square feet of building space as inline retail or food retail, 268,800 square feet of mixed use space which includes ground floor retail and condominium/multifamily above ground floor retail, an approximately 115-room hotel with convention space, 194,050 square feet of office/medical building space, and approximately 500 multifamily units (in approximately 750,000 square feet) and a fire station. See “THE DEVELOPMENT — Development Plan.” The boundaries of the District are shown on the “MAP SHOWING BOUNDARIES OF THE DISTRICT” on page v. The District is located entirely within the corporate limits of the City. The Developer will develop the District to provide the necessary infrastructure to achieve vertical development on 12 separate lots, Lots 1-12 as shown on the “CONCEPT PLAN FOR DEVELOPABLE LAND IN THE DISTRICT” appearing on page vi hereof. Vertical development in the District will occur on approximately 40.237 acres. The remainder of land in the District will be parkland, open space, and amenities, all of which will be located in the flood plain.

The Developer purchased the property in the District on February 23, 2023 from Clear Creek Community Church at a purchase price of \$10,000,000. The purchase price was financed with a loan (the “Acquisition Loan”) from b1 Bank (the “Lender”) in the amount of \$6,500,000 and Developer equity. As of October 1, 2024, the outstanding balance on the Acquisition Loan is \$415,458.42.

Subsequent to its purchase of property in the District, the Developer sold five lots (Lot 1, Lot 2, Lot 3, Lot 4 and Lot 5) as more particularly described under “THE DEVELOPER – History and Financing of the District – Acquisition and Subsequent Sales of Land in the District” at a collective sale price of \$6,169,838. The sale of Lot 1 was to a related entity, Lone Star Campus R1 LLC, a special purpose entity affiliated with Wolfgramm Capital (“Wolfgramm”), the manager of the Class D Member of the Developer. The purchase of Lot 1 was funded with an additional loan from the Lender to Lone Star Campus R1 LLC. As of October 1, 2024, such loan is outstanding in the amount of \$1,609,000. See “THE DEVELOPER – History and Financing of the District.” In addition, the Developer is under contract to sell Lot 12 in the District to Lone Star Campus MFH LLC, an additional special purpose entity affiliated with Wolfgramm, pursuant to the Lot 12 Contract (as defined herein), at a sale price of \$20,000,000. See “THE DEVELOPMENT – Expected Vertical Development in the District.”

The infrastructure benefitting the District will be constructed in two phases. The Developer expects to construct improvements consisting of certain roadway, earthwork, paving and grading, clearing, grubbing and demolition, and detention improvements that will benefit the District (the “Initial Major Improvements”) as the first phase of development. Construction of the Initial Major Improvements began in Q2 2024 and is expected to be completed by Q3 2025. As of October 1, 2024, the Developer had expended \$7,580,742 on the costs of the Initial Major Improvements, which was funded with Developer equity and funds provided by the City Contribution (as defined herein).

The Developer expects to construct improvements consisting of certain additional roadway, earthwork, paving and grading, water, wastewater, storm drainage, landscaping, parks and public amenity improvements as well

as a fire station, all of which will benefit the District as more particularly described in the Service and Assessment Plan (the “Additional Major Improvements”) as the second phase of development. Such Additional Major Improvements are more particularly described in the Service and Assessment Plan. See “APPENDIX B — Form of Service and Assessment Plan.” Construction of the Additional Major Improvements other than the fire station is expected to begin in Q2 2025 and be completed in Q2 2026.

Due to the location of Lots 1-5 (abutting FM 528), vertical construction on Lots 1-5 in the District can begin without the completion of the Initial Major Improvements or the Additional Major Improvements. Such vertical construction is expected to begin in Q4 2024 and is currently anticipated to be completed in Q2 2025. The Developer indicates there is a finalized five-year lease for approximately 1,500 sf of office space on Lot 1 and an executed ten-year lease for a 3,000 sf (plus patio space) restaurant on Lot 2. Vertical construction on Lot 8 is expected to begin in December 2025 and be completed in Q4 2027. Vertical construction on Lot 10 is expected to begin in December 2024 and be completed Q4 2026. A two phase vertical construction period is expected for Lot 12 in the District. Vertical construction on Lot 12 is expected to commence in Q1 2025, and phase one of such vertical construction is expected to be completed in Q2 2027. Phase two of such vertical construction is expected to be completed by Q1 2028. The Developer does not currently have a timeline for vertical construction on Lots 6, 7, 9, and 11 in the District. Except for Lot 2, Lot 3, Lot 4 and Lot 5, all lots in the District are expected to be owned by entities affiliated with the Developer and Wolfram and vertical construction on such lots is expected to be completed by such entities. See “THE DEVELOPMENT – Expected Vertical Development in the District” and “THE DEVELOPER.”

The total costs of the Initial Major Improvements (exclusive of any costs of issuance related to the Bonds) are expected to be approximately \$33,840,197*. The City will pay a portion of the project costs for the Initial Major Improvements, in the expected amount of \$25,548,352*, from proceeds of the Bonds. The Developer will submit payment requests for costs actually incurred in developing and constructing the Initial Major Improvements and be paid in accordance with the Indenture and the Development Agreement. See “THE INITIAL MAJOR IMPROVEMENTS – General,” “THE DEVELOPMENT – Development Plan” and “THE DEVELOPMENT AGREEMENT.” In addition, a portion of the costs of the Initial Major Improvements has been paid or will be paid from lawfully available funds of the City set aside for a portion of the drainage improvements included in the Initial Major Improvements (the “City Contribution”). The remaining costs of the Initial Major Improvements will be funded by the Developer using Developer equity.

Construction of the Additional Major Improvements is expected to initially be funded by Developer equity, and, if issued, the Additional Major Improvement Bonds (as defined herein). The City is also expected to contribute funds from the TIRZ (as defined herein) to fund a portion of the fire station pursuant to the TIRZ Development Agreement (as defined herein). See “THE DEVELOPMENT – TIRZ Development Agreement.”

The City and the Developer have entered into the “Friendswood City Center Public Improvement District Reimbursement Agreement” (the “Reimbursement Agreement”) pursuant to which the City has agreed to reimburse the Developer for the costs of “Authorized Improvements” benefitting the District, including the Initial Major Improvements and the Additional Major Improvements. The City expects to levy the Assessments with respect to the Initial Major Improvements pursuant to the Assessment Ordinance, and an additional assessment with respect to the Additional Major Improvements (the “Additional Major Improvement Assessments”) in the amount of \$17,822,000* pursuant to a separate ordinance to be adopted on November 4, 2024 (the “Additional Major Improvement Assessment Ordinance”). The Additional Major Improvement Assessments will secure the City’s reimbursement obligation to the Developer for the Additional Major Improvements (the “Additional Major Improvements Reimbursement Obligation”). **The Additional Major Improvement Assessments constitute a lien on the property in the District that is on parity with the lien for the Assessments; however, the Additional Major Improvement Assessments are not pledged to and do not secure the Bonds.** See “BONDHOLDERS’ RISKS – Assessment Limitations.” The Service and Assessment Plan provides that the Additional Major Improvement Assessments will not begin to be collected until that date which is the earlier of (i) the date on which bonds secured by the Additional Major Improvement Assessments are issued and (ii) at the date which is two years after the date on which the Additional Major Improvement Assessment Ordinance is adopted (the “Additional Major Improvement Assessments Trigger Date”). The Developer expects the City to issue an additional series of bonds secured by the Additional Major

* Preliminary; subject to change.

Improvement Assessments (the “Additional Major Improvement Bonds”) approximately 18 months after the issuance of the Bonds. Such Additional Major Improvement Bonds are expected to refund the Additional Major Improvements Reimbursement Obligation.

The Bonds

Proceeds of the Bonds will be used primarily to provide funds for (i) paying or reimbursing a portion of the Actual Costs of the Initial Major Improvements, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying the costs of the organization and administration of the District, and (vi) paying the costs of issuance of the Bonds. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess may be transferred, at the discretion of the City, to (i) to the Initial Major Improvement Account of the Project Fund or (ii) to the Bond Fund to be used to pay interest on the Bonds. See “THE INITIAL MAJOR IMPROVEMENTS,” “APPENDIX A – Form of Indenture” and “SOURCES AND USES OF FUNDS.”

Payment of the Bonds is secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessments levied against the assessable parcels or lots within the District, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES” and “APPENDIX A – Form of Indenture.”

The Bonds and any Additional Major Improvement Bonds, if issued, shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”), or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds. Any Additional Major Improvement Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum.

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing March 15, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, National Association is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal and any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”); provided, however, that if the total principal amount of any Outstanding Bond is less than \$100,000 as a result of partial redemption, then the Authorized Denomination of such Bonds shall be the amount of such Outstanding Bond not less than \$1,000. Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem the Bonds maturing on or after September 15, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 15, 20__, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, but subject to the provisions of the Indenture, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to various provisions of the Indenture. The City written direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement. Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments” and “APPENDIX A — Form of Indenture.”

Mandatory Sinking Fund Redemption. The Bonds set forth below (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account pursuant to the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

<u>\$ Term Bonds Maturing September 15, 20</u>	
<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$
September 15, 20__†	
<u>\$ Term Bonds Maturing September 15, 20</u>	
<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$
September 15, 20__†	

† Stated maturity.

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

The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to the mandatory sinking fund redemption described above, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City AT ANY PRICE and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

Any notice given as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

Additional Provisions with Respect to Partial Redemption. If less than all of the Bonds are to be redeemed pursuant to the Indenture, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

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

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

BOOK-ENTRY ONLY SYSTEM

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an

authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an

Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

- 1) The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
- 2) The Investor is an "accredited investor" under Rule 501 of Regulation D of the Securities Act of 1933 or a "qualified institutional buyer" under Rule 144A of the Securities Act of 1933, and therefore, has

sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.

- 3) The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the Investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
- 4) The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.
- 5) The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Initial Major Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for, or in connection with the Investor’s decision to purchase the Bonds except for fraud or willful misconduct, to the extent permitted by law. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.
- 6) The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the District (which has no taxing power), the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Indenture.
- 7) The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.
- 8) The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

SECURITY FOR THE BONDS

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

General

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

NOTWITHSTANDING THE FOREGOING, THE CITY HAS CREATED "REINVESTMENT ZONE NUMBER ONE, CITY OF FRIENDSWOOD" (THE "TIRZ"), WHICH INCLUDES THE LAND WITHIN THE DISTRICT AND CERTAIN ADDITIONAL ADJACENT ACREAGE, AND INTENDS TO USE ANNUAL TAX INCREMENT REVENUE COLLECTED, WHICH TAX INCREMENT REVENUE WILL CONSIST OF AN AMOUNT EQUAL TO 70% OF ALL REAL PROPERTY TAXES LEVIED, ASSESSED AND COLLECTED BY THE CITY WITHIN THE TIRZ ON ALL REAL PROPERTY IN THE DISTRICT TAXABLE BY THE CITY THEREIN, TO PAY A PORTION OF THE COSTS OF CERTAIN INFRASTRUCTURE BENEFITTING THE DISTRICT AND THE TIRZ (INCLUDING THE INITIAL MAJOR IMPROVEMENTS AND CERTAIN ADDITIONAL INFRASTRUCTURE) AS SET FORTH IN THE SERVICE AND ASSESSMENT PLAN AND THE TIRZ PROJECT AND FINANCE PLAN (AS DEFINED HEREIN). SUCH TAX INCREMENT REVENUE, TO THE EXTENT AVAILABLE, IS EXPECTED TO BE USED BY THE CITY TO OFFSET, ON A PARCEL-BY-PARCEL BASIS, ASSESSMENTS USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS. ANY AMOUNT OF SUCH TAX INCREMENT REVENUE USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS WILL RESULT IN A REDUCTION IN ANNUAL INSTALLMENTS OF ASSESSMENTS RELATED TO THE BONDS BY A CORRESPONDING AMOUNT. SUCH TAX INCREMENT REVENUE IS NOT PLEDGED TO THE BONDS UNDER THE INDENTURE. SEE "— TIRZ REVENUES MAY REDUCE ASSESSMENTS" BELOW.

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Pledged Revenues, which consist primarily of Assessments expected to be levied against the Assessed Property within the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (the "Service and Assessment Plan"), which describes the special benefit received by the property within the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX B — Form of Service and Assessment Plan."

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Initial Major Improvements by levying Assessments upon in the Assessed Property of the District benefitted thereby. For a description of the assessment methodology and the amounts of assessments anticipated to be levied in each phase of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX B — Form of Service and Assessment Plan."

Pledged Revenues

The Indenture refers to the Assessments as the “Initial Major Improvement Assessments” and such defined term is sometimes used under this “SECURITY FOR THE BONDS” section to refer to the Assessments. The Indenture refers to the Annual Installments as the “Initial Major Improvement Annual Installments” and such defined term is sometimes used under this “SECURITY FOR THE BONDS” section to refer to the Annual Installments. In addition, pursuant to the Indenture, the following terms are assigned the following meanings:

“Pledged Revenues” are the sum of (i) Initial Major Improvement Annual Installments (excluding the portion of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“Initial Major Improvement Annual Installment” means the Annual Installment of the Initial Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, when collected; and; (4) the pro rata portion of the Annual Collection Costs based on the outstanding Initial Major Improvement Assessments as shown in the Service and Assessment Plan.

“Additional Interest” is the 0.50% additional interest that may be charged on the Initial Major Improvement Assessments pursuant to Section 372.018 of the PID Act and the Indenture.

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

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

TIRZ Revenues May Reduce Assessments

The Assessments to be levied by the City according to the Assessment Ordinance and described in the Service and Assessment Plan are set at a level sufficient to fund a portion of the costs of the Initial Major Improvements.

The City created the TIRZ on December 4, 2023 through the adoption of Ordinance No. 2023-31 (the “TIRZ Creation Ordinance”) pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”) over an area comprising approximately 124.612 acres, which area included the land within the District. The City and the Board of Directors of the TIRZ approved a preliminary project and finance plan for the TIRZ (the “Preliminary Project Plan and Financing Plan”) in December 2023.

The City Council expects to approve a final Project and Finance Plan for the TIRZ (the “TIRZ Project and Finance Plan”) on November 4, 2024. It is expected that the TIRZ Project and Finance Plan will authorize the use of TIRZ Revenues (defined below) for project costs under the TIRZ Act, including those relating to the Initial Major Improvements, the fire station (which constitutes a portion of the Additional Major Improvements), and other projects as provided for in the TIRZ Project and Finance Plan (including amendments or supplements thereto) (such projects, the “TIRZ Projects”).

Pursuant to the TIRZ Act, the tax increment base of the City is the total taxable value of all real property taxable by the City within the TIRZ, determined as of January 1 the year in which the TIRZ was designated as a reinvestment zone (the “Tax Increment Base”). As described in the TIRZ Creation Ordinance, the “Tax Increment” for a year includes 70% of property taxes (based on the ad valorem tax rate in effect on the date of establishment of

the TIRZ), levied and collected by the City within the boundaries of the TIRZ on the Captured Appraised Value. The portion of the Tax Increment derived from the District is expected to be used to reduce Assessments within the District, as described below. Consistent with Section 311.012(b) of the TIRZ Act, the “Captured Appraised Value” of real property taxable by the City for a year is the total appraised value of all real property taxable by the City and located in the TIRZ for that year less the Tax Increment Base.

Pursuant to the Development Agreement, the Service and Assessment Plan, and the TIRZ Project and Finance Plan, the City intends to hold the annual TIRZ Revenues collected from property within the District (the “TIRZ Revenues”) in a dedicated fund (the “TIRZ Fund”) and to dedicate the City ad valorem tax revenue in such TIRZ Fund to pay costs required to administer the TIRZ and to pay a portion of the costs of the Initial Major Improvements through an offset or credit against the Assessments, on a parcel-by-parcel basis, in an amount equal to the TIRZ Annual Credit Amount (as defined in “ASSESSMENT PROCEDURES – Assessment Amounts – *TIRZ Annual Credit Amount*” herein). In the Service and Assessment Plan, the City has established a maximum annual TIRZ credit per Unit/square foot for each Lot Type as described under “ASSESSMENT PROCEDURES – Assessment Amounts – *TIRZ Annual Credit Amount*”. The TIRZ Annual Credit Amount shall not exceed the TIRZ Maximum Annual Credit Amount (as such term is defined in the Service and Assessment Plan).

After the TIRZ Annual Credit Amount is applied to provide a credit towards a portion of the Annual Installment for the Assessed Property, any excess TIRZ Revenues available from the TIRZ Fund shall be held in a segregated account by the City and shall be used to reimburse the Developer for certain public improvements not paid or financed through the District and to provide the Chapter 380 Economic Development Grant to the Developer, as provided for in the TIRZ Development Agreement, or in a manner determined by the City. See “THE DEVELOPMENT – TIRZ Development Agreement.”

THE TIRZ REVENUES, IF AVAILABLE, WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS, AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE SUFFICIENT TIRZ REVENUES TO GENERATE THE MAXIMUM TIRZ ANNUAL CREDIT AMOUNT. THE TIRZ ANNUAL CREDIT AMOUNT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ADMINISTRATIVE EXPENSES AND THE FUNDING OF THE DELINQUENCY AND PREPAYMENT RESERVE ACCOUNT REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS. TIRZ REVENUES GENERATED FROM THE CAPTURED APPRAISED VALUE FOR EACH LOT OR PARCEL IN THE DISTRICT DURING THE DEVELOPMENT OF SUCH LOT OR PARCEL WILL RESULT IN A TIRZ ANNUAL CREDIT AMOUNT WHICH IS NOT SUFFICIENT TO ACHIEVE THE TARGETED AD VALOREM TAX RATE EQUIVALENT. THE TIRZ ANNUAL CREDIT AMOUNT IS NOT EXPECTED TO BE SUFFICIENT TO PROVIDE FOR THE TARGETED AD VALOREM TAX RATE EQUIVALENT ON ANY PARCEL OR LOT UNTIL THE SECOND YEAR THAT FULL BUILDOUT ON ANY SUCH LOT OR PARCEL IS ASSESSED, ASSUMING SUCH PARCEL OR LOT IS DEVELOPED UNDER THE ASSUMPTIONS PROVIDED BY THE DEVELOPER AS DESCRIBED UNDER THE HEADING “THE DEVELOPMENT – DEVELOPMENT PLAN.” SEE ALSO “OVERLAPPING TAXES AND DEBT.”

Collection and Enforcement of Assessments

For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Initial Major Improvement Assessments.

The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Initial Major Improvement Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Initial Major Improvement Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Initial Major Improvement Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or

make payment for the purchase of the delinquent Initial Major Improvement Assessment or the corresponding Assessed Property.

Unconditional Levy of Assessments

The City will impose Assessments on the property within the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds and pursuant to the terms of the Indenture and Service and Assessment Plan may also include an additional 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated on September 1 and shall be billed on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be due when billed in October 2026, and will be delinquent if not paid prior to February 1, 2027.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, an Assessment to pay the annual costs incurred by the City in the administration and operation of the District. The portion of each Annual Installment of an Assessment used to pay such annual administrative costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The Assessments to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance when billed each year and shall be delinquent if not paid by February 1 of the following year. The portion of the Assessments to pay Annual Collection Costs does not secure repayment of the Bonds and does not constitute Pledged Revenues for payment of the Bonds.

There will be no discount for the early payment of Assessments.

The Assessment Lien for Assessments and penalties and interest begins on the effective date of the Assessment Ordinance and will remain in place until the Assessments are paid or until all Bonds are finally paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES" herein.

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

Perfected Security Interest

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues and such pledge is valid, effective, and perfected. In the Indenture, the City covenants that should State law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of such revenues is subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the City will take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur. See "APPENDIX A — Form of Indenture."

Pledged Revenue Fund

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2027 (or the first February 1 when such Pledged Revenues are available), the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of

doubt that portion of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to the Indenture) into the Pledged Revenue Fund. Specifically, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (1) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund amounts sufficient to pay debt service on the Bonds coming due on each Interest Payment Date in the in the current Bond Year,
- (2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement,
- (3) third, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account in an amount sufficient to allow the funds on deposit therein to equal the Delinquency and Prepayment Reserve Requirement, and
- (4) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (3) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in the Indenture.

The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to the Indenture as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Initial Major Improvements Annual Installment collected as Additional Interest shall be deposited pursuant only to (3) above.

From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account of the Pledged Revenue Fund and transfer to the Principal and Interest Account, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

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

Notwithstanding the paragraphs above: (i) when and if collected, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth above and as otherwise directed by the Indenture; (ii) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund; and (iii) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund.

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

After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Initial Major Improvement Assessments for any lawful purposes permitted by the PID Act for which Initial Major Improvement Assessments may be paid.

Initial Major Improvement Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

Any Initial Major Improvement Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Initial Major Improvement Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Bond Fund

No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account, as provided below.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth in the paragraph above, the Trustee shall withdraw *first* from the Delinquency and Prepayment Reserve Account of the Reserve Fund and *second* from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following dates and in the following amounts:

<u>Date</u>	<u>Amount</u>
March 15, 2025	\$
September 15, 2025	\$
March 15, 2026	\$
September 15, 2026	\$

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed in the Indenture shall be transferred, at the direction of the City, to (i) the Initial Major Improvement Account of the Project Fund or (ii) to the Redemption Fund to be used to redeem the Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Initial Major Improvement Account, and Costs of Issuance Account shall be used for the purposes specified in the Indenture. Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds.

Except as otherwise provided in the Indenture, money on deposit in the Initial Major Improvement Account, of the Project Fund shall be used solely to pay the costs of the Initial Major Improvements. Upon receipt of a reviewed and approved Certificate for Payment for any Initial Major Improvement Costs, the Trustee shall make payment for the costs set forth therein, from the Initial Major Improvement Account of the Project Fund. Except as provided in the Indenture, money on deposit in the Initial Major Improvement Account shall be used solely to pay the Initial Major Improvement Costs as set forth in the applicable Certificate for Payment.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Initial Major Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Initial Major Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Initial Major Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Initial Major Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Initial Major Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture and the Initial Major Improvement Account shall be closed.

In making any determination pursuant to the provisions described in this subsection, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

Upon the filing of a City Certificate stating that all Initial Major Improvements have been completed and that all Initial Major Improvement Costs have been paid, or that any such costs are not required to be paid from the Initial Major Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Initial Major Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee and shall close the Initial Major Improvement Account of the Project Fund.

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account may be transferred, at the City's discretion, to (1) the Bond Fund and used to pay interest on the Bonds, or (2) to the Initial Major Improvement Account of the Project Fund and used to pay Initial Major Improvement Costs, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Bond Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Bond Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the Bond Reserve Account Requirement. The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account an amount equal to not less than the Bond Reserve Account Requirement.

Pursuant to the Indenture, the "Bond Reserve Account Requirement" for the Bonds shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the stated principal amount of the Bonds as of the Closing Date; provided, however that subsequent to the Closing Date of the Bonds, such Bond Reserve Account Requirement shall be recalculated and adjusted for compliance with the above upon (a) any transfers made pursuant to the terms of the Indenture, (b) a mandatory sinking fund redemption pursuant to the terms of the Indenture, (c) an optional redemption pursuant to the terms of the Indenture or (d) an extraordinary optional redemption pursuant to the terms of the Indenture. As of the date of issuance of the Bonds, the Bond Reserve Account requirement is \$_____.

Subject to the subsequent paragraph below, all amounts deposited in the Bond Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due. Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund, as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than

Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

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

If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

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

Whenever Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be a proportional amount equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

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

The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund and subsequently used for the payment of operating costs directly relating to the Initial Major Improvements will not exceed 5% of sale proceeds of the Bonds.

Delinquency and Prepayment Reserve Account of the Reserve Fund

The Delinquency and Prepayment Reserve Account shall be funded with the proceeds of the Bonds in the amount of the Delinquency and Prepayment Reserve Requirement. "Delinquency and Prepayment Reserve Requirement" means an amount equal to 2.5% of the principal amount of the Outstanding Bonds.

The Delinquency and Prepayment Reserve Account shall be funded initially from proceeds of the Bonds in the amount of the Delinquency and Prepayment Reserve Requirement. When, at the written request of the City Representative on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account is less than the Delinquency and Prepayment Reserve Requirement, Additional Interest shall be collected and deposited to the Delinquency and Prepayment Reserve Account pursuant to the Indenture until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount

of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with the Indenture), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer.

Whenever Bonds are to be redeemed with the proceeds of Prepayments, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to the Indenture.

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee. The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to the Indenture.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered pursuant to the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs.

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

In accordance with the Indenture, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered under the Indenture.

Bonds Deemed Paid

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

principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

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

Events of Default

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) the failure of the City to enforce the collection of the Initial Major Improvement Assessments including the prosecution of foreclosure proceedings;
- (iii) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (iv) default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

Immediate Remedies in Event of Default

Upon the happening and continuance of any of the Events of Default described above, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by

other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

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

Whenever moneys are to be applied pursuant to the Indenture, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

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

Application of Revenues and Other Moneys after Event of Default

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

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

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to registered owners of Bonds.

In the event funds are not adequate to cure an Event of Default, the available funds will be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of the Indenture.

The restoration of the City to its prior position after any and all defaults have been cured, as provided above, shall not extend to or affect any subsequent default under the Indenture or impair any right consequent thereon.

Investment of Funds

Money in any Fund established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in the Indenture. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

Against Encumbrances

Other than bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, other than that specified in the Indenture, or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

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

Additional Obligations; Other Obligations or Other Liens

The City reserves the right, subject to the provisions contained in the Indenture, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

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

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

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SOURCES AND USES OF FUNDS

The following table summarizes the sources and uses of proceeds of the Bonds:

Sources of Funds:

Principal Amount	\$
Total Sources	\$

Uses of Funds:

Deposit to Initial Major Improvement Account of the Project Fund	\$
Deposit to Capitalized Interest Account of Bond Fund	
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to Delinquency and Prepayment Reserve Account of the Reserve Fund	
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to the Administrative Fund	
Underwriter's Discount ⁽¹⁾	
Total Uses	\$

⁽¹⁾ Includes Underwriter's Counsel's fee of \$_____.

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DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Bonds:

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	\$	\$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
Total	\$	\$	\$

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes and Debt

The District is located in the corporate limits of the City. The land within the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments expected to be levied by the City. Harris County, Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, Port of Houston Authority, and Clear Creek Independent School District (“Clear Creek ISD”) may each levy ad valorem taxes upon land in the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

The following tables reflect the estimated overlapping ad valorem tax rates and overlapping indebtedness payable from ad valorem taxes with respect to property within the District, as well as City debt secured by the Assessments, after delivery of the Bonds.

OVERLAPPING TAX RATES

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate⁽¹⁾</u>
The City	\$0.514172
Harris County	0.385290
Harris Co. Flood Control District	0.048970
Harris Co. Hospital District	0.163480
Harris Co. Department of Education	0.004799
Port of Houston Authority	0.006150
Clear Creek ISD	<u>0.969000</u>
Total Existing Tax Rate	<u>\$ 2.091861</u>
Estimated Average Annual Installment of Assessments as a tax rate equivalent ⁽²⁾	<u>\$0.426113</u>
Less Maximum TIRZ Annual Credit Amount as tax rate equivalent ^{(2),(3)}	<u>\$(0.359920)</u>
Net Average Annual Installment as tax rate equivalent⁽²⁾	<u>\$0.066192</u>
Estimated average annual installment of Additional Major Improvement Assessments as tax rate equivalent ^{(2), (4)}	<u>\$0.202114</u>
Net Estimated Total Tax Rate, Average Annual Installment, and average annual installment of Additional Major Improvement Assessments in the District as tax rate equivalent⁽²⁾	<u>\$2.360167</u>

⁽¹⁾ As reported by the taxing entities. Per \$100 in taxable assessed value.

⁽²⁾ Preliminary, subject to change. Source: P3Works, LLC. Derived from information presented in the Service and Assessment Plan. See “APPENDIX B — Service and Assessment Plan.” Equivalent tax rate excludes Additional Interest shown on the Assessment Roll as such Additional Interest, while levied and authorized, is not currently expected to be collected due to the expected funding of the Delinquency and Prepayment Reserve in the amount of the Delinquency and Prepayment Reserve Requirement with proceeds of the Bonds. Total may not sum due to rounding.

⁽³⁾ See “SECURITY FOR THE BONDS — TIRZ Revenues May Reduce Assessments.”

⁽⁴⁾ Additional Major Improvement Assessments are not expected to be collected until the Additional Major Improvements Assessment Trigger Date. See “PLAN OF FINANCE.”

Source: Taxing entities and the Administrator.

OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of 10/1/2024</u>	<u>Estimated Percentage Applicable⁽¹⁾</u>	<u>Direct and Estimated Overlapping Debt^{(1),(2)}</u>
The City (Assessments - The Bonds) ⁽²⁾	\$ 37,500,000	100.000%	\$37,500,000
The City (Additional Major Improvement Assessments) ^{(2), (3)}	17,822,000	100.000%	17,822,000
The City (General Obligation)	83,990,000	1.549%	1,301,230
Harris County	2,171,789,039	0.013%	273,270
Harris County Flood Control District	968,445,000	0.013%	124,541
Harris County Hospital District	65,285,000	0.013%	8,325
Harris County Dpt. of Education	28,960,000	0.013%	3,657
Port of Houston Authority	406,509,397	0.013%	51,851
Clear Creek ISD	<u>1,065,675,000</u>	0.263%	<u>2,802,340</u>
TOTAL	<u>\$4,845,975,436</u>		<u>\$59,887,214</u>

⁽¹⁾ Based on the Appraisal for the District and on the Tax Year 2024 Net Taxable Assessed Valuations for the taxing entities.

⁽²⁾ Preliminary, subject to change.

⁽³⁾ Additional Major Improvement Assessments are not expected to be collected until the Additional Major Improvements Assessment Trigger Date. See "PLAN OF FINANCE."

Source: Municipal Advisory Council of Texas

Property Owner's Association

In addition to the Assessments and taxes described above, the Developer anticipates that each lot owner in the District will pay a maintenance and operation fee to a property owners association ("POA") formed within the District.

ASSESSMENT PROCEDURES

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Initial Major Improvements through Assessments, it must adopt a resolution generally describing the Initial Major Improvements and the land within the District to be subject to Assessments to pay the cost therefor.

Capitalized terms used under this "ASSESSMENT PROCEDURES" caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. See "APPENDIX B — Form of Service and Assessment Plan."

The City has caused an assessment roll to be prepared (the "Assessment Roll"), which Assessment Roll shows the land within the District to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll has been filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Initial Major Improvements and funding a portion of the same with Assessments. The City expects to approve the Service and Assessment Plan as part of the Assessment Ordinance. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments of Assessments (referred to the Service and Assessment Plan as "Initial Major Improvement Annual Installments") due in a given year.

The City has also caused an assessment roll to be prepared (the "Additional Major Improvements Assessment Roll"), and the Additional Major Improvements Assessment Roll shows the land within the District to be assessed, the amount of the benefit to and the Additional Major Improvement Assessments against each lot or parcel of land

and the number of Additional Major Improvement Annual Installments in which the Additional Major Improvement Assessments is divided. The Additional Major Improvement Assessments will secure the Additional Major Improvements Reimbursement Obligation. The Additional Major Improvement Assessments will not begin to be collected until that date which is the earlier of (i) the date on which bonds secured by the Additional Major Improvement Assessments are issued and (ii) on the Additional Major Improvement Assessments Trigger Date. The Developer expects the City to issue the Additional Major Improvement Bonds approximately 18 months after the issuance of the Bonds. Such Additional Major Improvement Bonds are expected to refund the Additional Major Improvements Reimbursement Obligation. **The Additional Major Improvement Assessments constitute a lien on the property in the District that is on parity with the lien for the Assessments; however, the Additional Major Improvement Assessments are not pledged to and do not secure the Bonds.** See “BONDHOLDERS’ RISKS – Assessment Limitations.”

Under the PID Act, the costs of the Initial Major Improvements may be assessed by the City against the assessable property in the District so long as the special benefit conferred upon the Assessed Property in the District by the Initial Major Improvements equals or exceeds the Assessments and the costs of the Additional Major Improvements may be assessed by the City against the assessable property in the District so long as the special benefit conferred upon the property to be assessed in the District by the Additional Major Improvements equals or exceeds the Additional Major Improvement Assessments. The costs of the Initial Major Improvements and the Additional Major Improvements may be assessed against property in the District using any methodology that results in the imposition of equal shares of cost on property similarly benefited. The allocation of benefits and assessments to the benefitted land within the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX B — Form of Service and Assessment Plan.” The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District.

The City expects to levy the Assessments and adopt the Assessment Ordinance immediately prior to adopting the Bond Ordinance. After such adoption, the Assessments will become legal, valid and binding liens upon the property against which the Assessments are made. The City expects to levy the Additional Major Improvement Assessments and adopt the Additional Major Improvement Assessment Ordinance at the same meeting at which the Assessment Ordinance is adopted. After such adoption, the Additional Major Improvement Assessments will become legal, valid and binding liens upon the property against which the Additional Major Improvement Assessments are made.

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Initial Major Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Initial Major Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Initial Major Improvements are being funded with proceeds of the Bonds, which are payable from and secured by the Trust Estate, which includes the Pledged Revenues (and consists primarily of the Assessment Revenues). As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs (as defined in the Service and Assessment Plan) associated with the Initial Major Improvements and the Additional Major Improvements will be allocated to the parcels within the District against which the Assessments and the Additional Major Improvement Assessments are levied pro rata based on the estimated build-out value of each.

The Service and Assessment Plan uses classifications of final building lots with similar characteristics (“Lot Type”) as determined by the Administrator and confirmed and approved by the City Council. As used below, the following terms have the following meanings:

“Lot Type 1” means a Lot within the District designated as inline retail or food retail by the Developer.

“Lot Type 2” means a Lot within the District designated as a mixed use building by the Developer.

“Lot Type 3” means a Lot within the District designated as a hotel by the Developer.

“Lot Type 4” means a Lot within the District designated as an office/medical building by the Developer.

“Lot Type 5” means a Lot within the District designated as multi-family which includes corridor retail by the Developer.

The following table provides additional analysis with respect to the assessment methodology and the estimated allocation of the Assessments and the Additional Major Improvement Assessments based on the various lot types as described above. See “APPENDIX B — Service and Assessment Plan.”

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LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE PER UNIT IN THE DISTRICT

Lot/Lot Type	Planned No. of Units/ SF	Estimated Lot Value⁽¹⁾	Estimated Buildout Value⁽²⁾	Assessment⁽⁵⁾	Average Annual Installment^{(3),(4),(5)}	Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value)^{(3),(4),(5)}	Tax Rate Equivalent of Average Annual Installment (per \$100 Estimated Buildout Value)^{(3),(4),(5)}	Leverage (Lot Value)⁽⁵⁾	Leverage (Estimated Buildout Value)⁽⁵⁾
1 (Lot Type 1)	15,000	\$1,450,000	\$8,665,323	\$423,734.33	\$36,924.05	\$2.546486	\$0.426113	3.42	20.45
2 (Lot Type 1)	14,500	\$1,280,000	\$8,376,479	\$409,609.86	\$35,693.24	\$2.788535	\$0.426113	3.12	20.45
3 (Lot Type 1)	16,500	\$1,440,000	\$9,531,855	\$466,107.77	\$40,616.45	\$2.820587	\$0.426113	3.09	20.45
4 (Lot Type 1)	14,500	\$1,390,000	\$8,376,479	\$409,609.86	\$35,693.24	\$2.567859	\$0.426113	3.39	20.45
5 (Lot Type 1)	14,000	\$1,270,000	\$8,087,635	\$395,485.38	\$34,462.44	\$2.713578	\$0.426113	3.21	20.45
6 (Lot Type 2)	100,000	\$3,050,000	\$48,037,840	\$2,349,050.59	\$204,695.40	\$6.711325	\$0.426113	1.30	20.45
7 (Lot Type 1 & 2)	68,800 1,908	\$2,720,000	\$34,152,263	\$1,670,045.82	\$145,527.17	\$5.350264	\$0.426113	1.63	20.45
8 (Lot Type 3)	115	\$2,090,000	\$25,000,000	\$1,222,500.09	\$106,528.21	\$5.097043	\$0.426113	1.71	20.45
9 (Lot Type 2)	100,000	\$3,080,000	\$48,037,840	\$2,349,050.59	\$204,695.40	\$6.645955	\$0.426113	1.31	20.45
10 (Lot Type 4)	125,000	\$2,890,000	\$50,634,749	\$2,476,039.44	\$215,761.13	\$7.465783	\$0.426113	1.17	20.45
11 (Lot Type 4)	69,050	\$1,240,000	\$27,970,632	\$1,367,764.05	\$119,186.45	\$9.611810	\$0.426113	0.91	20.45
12 (Lot Type 5)	750,000	\$16,020,000	\$490,000,000	\$23,961,002.22	\$2,087,953.43	\$13.033417	\$0.426113	0.67	20.45

Source: P3 Works, LLC, and information presented in the Service and Assessment Plan

⁽¹⁾ Per the Appraisal. See "APPRAISAL" and APPENDIX E.

⁽²⁾ Developer estimates.

⁽³⁾ Does not reflect application of TIRZ Annual Credit Amount. See "SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments."

⁽⁴⁾ Excludes Additional Interest which, while levied and authorized, is not currently expected to be collected on Annual Installments of the Assessments due to the funding of the Delinquency and Prepayment Reserve Account with Bond proceeds. Additional Interest may be collected in the future to replenish the Delinquency and Prepayment Reserve Account as set forth in the Service and Assessment Plan and Indenture.

⁽⁵⁾ Preliminary; subject to change.

Set forth in the table below is a combined lien to value analysis reflecting the Assessments and the Additional Major Improvement Assessments.

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**LIEN TO VALUE ANALYSIS, ASSESSMENT AND ADDITIONAL MAJOR IMPROVEMENT ASSESSMENTS ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE
PER UNIT IN THE DISTRICT**

Lot/Lot Type	Planned No. of Units/ SF	Estimated Lot Value⁽¹⁾	Estimated Buildout Value ⁽²⁾	Assessment⁽⁵⁾	Additional Major Improvements Assessment⁽⁵⁾	Combined Average Annual Installment of Assessments and Additional Major Improvement Assessments^{(3),(4),(5)}	Tax Rate Equivalent of Average Annual Installment of Assessments and Additional Major Improvement Assessments (per \$100 Lot Value) ^{(3),(4),(5)}	Tax Rate Equivalent of Average Annual Installment of Assessment and Additional Major Improvement Assessments (per \$100 Estimated Buildout Value) ^{(3),(4),(5)}	Total Leverage (Lot Value) ⁽⁵⁾	Total Leverage (Estimated Buildout Value) ⁽⁵⁾
1 (Lot Type 1)	15,000	\$1,450,000	\$8,665,323	\$423,734.33	\$201,381.15	\$54,437.88	\$3.754337	\$0.628227	2.32	13.86
2 (Lot Type 1)	14,500	\$1,280,000	\$8,376,479	\$409,609.86	\$194,668.45	\$52,623.28	\$4.111194	\$0.628227	2.12	13.86
3 (Lot Type 1)	16,500	\$1,440,000	\$9,531,855	\$466,107.77	\$221,519.27	\$59,881.67	\$4.158449	\$0.628227	2.09	13.86
4 (Lot Type 1)	14,500	\$1,390,000	\$8,376,479	\$409,609.86	\$194,668.45	\$52,623.28	\$3.785848	\$0.628227	2.30	13.86
5 (Lot Type 1)	14,000	\$1,270,000	\$8,087,635	\$395,485.38	\$187,955.74	\$50,808.69	\$4.000684	\$0.628227	2.18	13.86
6 (Lot Type 2)	100,000	\$3,050,000	\$48,037,840	\$2,349,050.59	\$1,116,394.13	\$301,786.60	\$9.894643	\$0.628227	0.88	13.86
7 (Lot Type 1 & 2)	68,800 1,908	\$2,720,000	\$34,152,263	\$1,670,045.82	\$793,694.84	\$214,553.68	\$7.888003	\$0.628227	1.10	13.86
8 (Lot Type 3)	115	\$2,090,000	\$25,000,000	\$1,222,500.09	\$580,997.24	\$157,056.71	\$7.514675	\$0.628227	1.16	13.86
9 (Lot Type 2)	100,000	\$3,080,000	\$48,037,840	\$2,349,050.59	\$1,116,394.13	\$301,786.60	\$9.798266	\$0.628227	0.89	13.86
10 (Lot Type 4)	125,000	\$2,890,000	\$50,634,749	\$2,476,039.44	\$1,176,746.00	\$318,101.00	\$11.006955	\$0.628227	0.79	13.86
11 (Lot Type 4)	69,050	\$1,240,000	\$27,970,632	\$1,367,764.05	\$650,034.43	\$175,718.99	\$14.170886	\$0.628227	0.61	13.86
12 (Lot Type 5)	750,000	\$16,020,000	\$490,000,000	\$23,961,002.22	\$11,387,546.17	\$3,078,311.93	\$19.215430	\$0.628227	0.45	13.86

Source: P3 Works, LLC, and information presented in the Service and Assessment Plan

⁽¹⁾ Per the Appraisal. See "APPRAISAL" and APPENDIX E.

⁽²⁾ Developer estimates.

⁽³⁾ Does not reflect application of TIRZ Annual Credit Amount. See "SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments."

⁽⁴⁾ Excludes Additional Interest which, while levied and authorized, is not currently expected to be collected on Annual Installments of the Assessments due to the funding of the Delinquency and Prepayment Reserve Account with Bond proceeds. Additional Interest may be collected in the future to replenish the Delinquency and Prepayment Reserve Account as set forth in the Service and Assessment Plan and Indenture.

⁽⁵⁾ Preliminary; subject to change.

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments and Additional Major Improvement Assessments on parcels similarly situated within the District. The Assessments and interest thereon are expected to be paid in Annual Installments and the Additional Major Improvement Assessments and the interest thereon are expected to be paid in annual installments after the Additional Major Improvements Assessment Trigger Date as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the current and all future owners and developers within the District. See “APPENDIX B — Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

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

In the Indenture, the City will covenant to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Annual Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City will covenant, agree and warrant that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Initial Major Improvement Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Initial Major Improvement Assessments. Notwithstanding the foregoing, the City shall be permitted to reduce the Assessments by the TIRZ Annual Credit Amount pursuant to the Development Agreement, the TIRZ Project and Finance Plan and the Service and Assessment Plan; provided, however, that no such reduction shall operate to reduce the amounts levied for the payment of the Annual Collection Costs.

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

The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced, as soon as practicable, any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

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

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

Administrative Fund.

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

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

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

Assessment Payer Concentration

The information appearing in the following table illustrates current concentration of Assessment payers in the District and the percentage of Assessments and Additional Major Improvement Assessments to be paid by such property owners.

Property Owner	Acres	Projected SF/Units	Estimated Buildout Value ⁽¹⁾	Percentage of Assessments and Additional Major Improvement Assessments	Projected Assessment ⁽³⁾	Projected Additional Major Improvement Assessments ⁽³⁾
Developer	98.634 ⁽²⁾	1,908 SF Retail 268,800 SF Mixed Use Building 115 Hotel Units 194,050 SF Office 750,000 SF Multi-family/Ground Floor Retail	\$723,833,023	94.388%	\$35,395,452.81	\$16,821,806.93
Lone Star Campus R1 LLC	1.659	15,000 SF Retail	\$8,665,323	1.130%	\$423,734.33	\$201,381.15
Tima Holdings, LLC	1.474	14,500 SF Retail	\$8,376,479	1.092%	\$409,609.86	\$194,668.45
Hill Gage Development, LLC	1.654	16,500 SF Retail	\$9,531,855	1.243%	\$466,107.77	\$221,519.27
Ajay Jain	3.051	28,500 SF Retail	\$16,464,114	2.147%	\$805,095.23	\$382,624.19
TOTAL			\$766,871,099	100.00%	\$37,500,000.00	\$17,822,000.00

- ⁽¹⁾ Totals may not sum due to rounding. Estimated Buildout Value derived from values provided in the Service and Assessment Plan, which values are based on the Appraisal and Developer estimates. See "APPRAISAL," "APPENDIX B – Form of Service and Assessment Plan," and "APPENDIX E – Appraisal." It is noted that building values set forth in the Appraisal for Lots 1-5 are based on as estimated maximum building square footage based on schematics provided for Lots 1-5 and such square footages differ from the projected square footage of vertical retail development shown above.
- ⁽²⁾ Includes approximately 52.07 undevelopable acres expected to be located in the flood plain after the elevation activities described under "THE DEVELOPMENT – Flood Plain Designation," a portion of which will include the development of parks and trails, but will not include any vertical development.
- ⁽³⁾ Preliminary, subject to change.

The Developer is currently the majority owner of property in the District. It is expected that entities owned and/or controlled by the Developer, Wolfgramm, or a joint venture between the Developer and Wolfgramm will develop and own the majority of property in the District in the future and, accordingly, payment of the Assessments and the Additional Major Improvement Assessments is expected to be concentrated in entities controlled by the Developer and/or Wolfgramm for the foreseeable future. See “THE DEVELOPMENT – Expected Vertical Development in the District” and “BONDHOLDERS’ RISKS – Dependence Upon Developer and Related Entities.”

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments are reflected by the methodology described in the Service and Assessment Plan as shown below under “— Maximum Assessment.” The Assessment Roll sets forth for each year the Annual Installment for each Assessed Property consisting of (i) the annual payment allocable to the Bonds, including the Additional Interest for the Initial Major Improvements for each Assessed Property, if such Additional Interest is collected, and (ii) the annual payment allocable to Annual Collection Costs. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See “APPENDIX B — Form of Service and Assessment Plan.”

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

Maximum Assessment. The Service and Assessment Plan establishes a “Maximum Assessment” per Unit/square foot for each Lot Type. See “APPENDIX B — Form of Service and Assessment Plan” and “BONDHOLDERS RISKS – Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption.” In the District, the Maximum Assessment per Unit/square foot for the Initial Major Improvements for each Lot Type is as follows:

<u>Lot Type</u>	<u>Maximum Assessment per Unit/Sq. Ft.*</u>
1	\$28.25
2	\$23.49
3	\$10,630.44
4	\$19.81
5	\$31.95

TIRZ Annual Credit Amount. The City Council, in accordance with the TIRZ Project and Finance Plan, is expected to agree to use a portion of TIRZ Revenues generated from each Assessed Property to offset a portion of the principal and interest of the Assessments through the TIRZ Annual Credit Amount. The TIRZ Annual Credit Amount shall be applied solely to the Assessments and in no event shall a TIRZ Annual Credit Amount be applied to the Additional Major Improvement Assessments. The TIRZ Annual Credit Amount shall be applied as described below.

1. The principal and interest portion of the Annual Installment for an Assessed Property shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Assessed Property for the previous Tax Year up to the Maximum TIRZ Annual Credit Amount for the applicable Lot Type (e.g. TIRZ Revenue collected from the Assessed Property for Tax Year 2025 shall be applied as the TIRZ Annual Credit Amount applicable to the Assessed Property’s Annual Installment collected in Tax Year 2026), but in no event shall the TIRZ Annual Credit Amount exceed the TIRZ Maximum Annual Credit Amount shown in the Service and Assessment Plan.
2. The TIRZ Maximum Annual Credit Amount available to reduce the principal and interest portion of the Annual Installment of the Assessments for an Assessed Property is calculated for each Lot Type, as

* Preliminary; subject to change.

shown in the Service and Assessment Plan. The TIRZ Maximum Annual Credit Amount is calculated so that the average Annual Installment minus the TIRZ Maximum Annual Credit Amount for each Lot Type does not produce an equivalent tax rate for such Lot Type which exceeds the competitive, composite equivalent ad valorem tax rate (\$2.34 per \$100 of assessed value) (the “Targeted Ad Valorem Tax Rate Equivalent”) taking into consideration the 2024 tax rates of all applicable overlapping taxing units and the equivalent tax rate of the Annual Installment based on the Estimated Buildout Values at the time Assessment Ordinance is approved. The resulting TIRZ Maximum Annual Credit Amount for Unit/square foot for each Lot Type is shown below.

TIRZ Maximum Annual Credit Amount per Unit/Sq. Ft. for each Lot Type in the District

<u>Lot Type</u>	<u>Maximum TIRZ Annual Credit Amount per Unit/Sq. Ft. *</u>
1	\$2.079
2	\$1.729
3	\$782.436
4	\$1.458
5	\$2.351

3. After the TIRZ Annual Credit Amount is applied to provide a credit towards the principal and interest portion of the Annual Installments for the Assessed Property, any excess TIRZ Revenues available from the TIRZ Fund shall be applied pursuant to the TIRZ Project Plan.

The TIRZ Revenues are generated only from ad valorem taxes levied and collected by the City on the captured appraised value of property within the District in the TIRZ in any year. Consequently, TIRZ Revenues are generated only if the appraised value of real property in the District in any year is greater than the base value. Any delay or failure of Developer or other property owners to develop the District or construct vertical improvements in the District may result in a reduced amount of the TIRZ Revenue being available to credit the Assessments. **TIRZ Revenues generated from the captured appraised value for each Lot or parcel in the District during the development of such Lot or parcel will result in a TIRZ Annual Credit Amount which is not sufficient to achieve the Targeted Ad Valorem Tax Rate Equivalent. The TIRZ Annual Credit Amount is not expected to be sufficient to provide for the Targeted Ad Valorem Tax Rate Equivalent on any parcel or Lot until the second year that full buildout on any on such Lot or parcel is assessed, assuming such parcel or Lot is developed under the assumptions provided by the Developer as described under the heading “THE DEVELOPMENT – Development Plan.” See also “OVERLAPPING TAXES AND DEBT.” Such TIRZ Revenues, if available, are not pledged as security for the Bonds under the Indenture.**

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments will be initially allocated to the Assessed Property within the District pro rata based on the estimated build-out value of each Parcel.

Reallocation of Assessments. The Assessments and Major Improvement Area Assessments levied on an Assessed Property shall be reallocated upon subdivision or consolidation of an Assessed Property as follows.

Upon Division Prior to Recording of Subdivision Plat or Declaration. Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

* Preliminary; subject to change.

- A = the Assessment for the newly divided Assessed Property
- B = the Assessment for the Assessed Property prior to division
- C = the Estimated Buildout Value of the newly divided Assessed Property
- D = the sum of the Estimated Buildout Value for all of the newly Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Owner, relying on information from builders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for each Lot Type are shown above under “— Assessment Methodology” and in the Service and Assessment Plan and will not change in future Annual Service Plan Updates, however, the number of Lot Types may change in future Annual Service Plan Updates to account for additional Lot Types, if any. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under State law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

Upon Subdivision by a Recorded Subdivision Plat or Recorded Declaration. Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for the newly subdivided Lot
- B = the Assessment for the Parcel prior to subdivision
- C = the sum of the Estimated Buildout Value of all newly subdivided Lots with same Lot Type
- D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefitted Property
- E = the number of newly subdivided Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat or recorded declaration. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Owner, builders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for each Lot Type are shown above under “— Assessment Methodology” and in the Service and Assessment Plan and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

Upon Consolidation. If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to the Service and Assessment Plan.

Reduction of Assessments. If the Actual Costs of completed Initial Major Improvements are less than the Assessments, then, the Trustee shall apply amounts on deposit in the Project Fund as directed by the City pursuant to the terms of the Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as Assessments. Such excess Bond proceeds may be used for any purpose authorized by the Indenture. Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Bonds.

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

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay all or part of any Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. In addition to such voluntary prepayments, the Service and Assessment Plan provides for certain mandatory prepayments or “true ups” of Assessments upon the occurrence of such certain events (such voluntary or mandatory prepayments/true ups, a “Prepayment”). Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

Mandatory Prepayment of Assessments

Voluntary Prepayment. The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the applicable Assessment Rolls revised accordingly; (2) the Administrator shall prepare the revised Assessment Rolls and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable “Notice of Assessment Termination.”

If an Assessment on an Assessed Property is prepaid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to reflect the amount of the Assessment remaining after such partial prepayment on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

Transfer of Property to Exempt Person or Entity. If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefitted Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefitted Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer; provided that, however, such mandatory Prepayment of the Assessment shall not be required for portions of a Parcel that are dedicated or conveyed to the City, a property owner association, any other governmental entity or utility provider for use as internal roads, utilities, parks, drainage and detention facilities, and other similar public improvements, in which case the Assessment that was allocated to the Parcel will be reallocated to the remainder of the Parcel. If a reallocation to the remainder of the Parcel as provided in the foregoing sentence causes the Assessment for such remainder to exceed the Maximum Assessment, the owner

of the remainder of the Parcel must partially prepay the Assessment to the extent it exceeds the Maximum Assessment in an amount sufficient to reduce the Assessment to the Maximum Assessment.

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the “Remaining Property”) following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of the Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

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

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

True-Up of Assessments if Maximum Assessment Exceeded. Upon submission of a preliminary plat and/or site plan by the Owner to the City, the Owner shall provide the City the gross building square footage and use type for land included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The Administrator will review the preliminary plat and/or site plan to determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the Administrator determines the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the City issuing any building permit for any such Lot described in

the reviewed preliminary plat or site plan, the Owner will make a Prepayment in an amount sufficient to reduce the Assessment for each Lot within such preliminary plat and/or site plan to the Maximum Assessment. The City's approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts does not eliminate the obligation of the Owner to pay such amounts.

By way of illustration, if a block is initially anticipated to contain 1,000 square feet of commercial property subject to a Maximum Assessment of \$10 per square foot, the block would initially be allocated a total Assessment of \$10,000. If the Developer then submits to the City and Administrator a Preliminary Site Plan showing only 800 square feet of commercial property on said block, the Owner will be required to make or cause to be made a Prepayment in an amount sufficient to reduce the Assessment allocated to said block to the Maximum Assessment of \$10 per square foot, which is calculated using the following formula:

$$A = B - (C * D)$$

Where the terms have the following meanings:

A = the Prepayment amount

B = the Assessment originally allocated to the Assessed Property

C = the number of units in the Assessed Property per the Preliminary Site Plan

D = the Maximum Assessment per unit

	Square Footage	Assessment	Assessment per Square Foot ^[a]
Initially Anticipated:	1,000	\$ 10,000.00	\$ 10.00
Site Plan:	800	\$ 10,000.00	\$ 12.50
Post-Prepayment ^[b] :	800	\$ 8,000.00	\$ 10.00

Footnotes:

[a] The Maximum Assessment per square foot is \$10.00.

[b] The Mandatory Prepayment amount required in this example to reduce the Assessment per square foot back down to the maximum of \$10.00 is \$2,000.00 (10,000 - (800 * 10) = 2,000).

See "BONDHOLDERS RISKS" – Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption." See also "APPENDIX B – Form of Service and Assessment Plan."

Priority of Lien

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

Foreclosure Proceedings

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

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may

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

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

In the Indenture, the City creates the Bond Reserve Account and the Delinquency and Prepayment Reserve Account under the Reserve Fund and will fund such accounts as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If amounts in the Administrative Fund are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE BONDS – Bond Reserve Account of the Reserve Fund” and “– Delinquency and Prepayment Reserve Account of the Reserve Fund,” “APPENDIX A – Form of Indenture” and “APPENDIX B – Form of Service and Assessment Plan.”

THE CITY

Background

The City is located in Galveston and Harris Counties, 22 miles south of the City of Houston. Access to the City is provided by Interstate 45 and TX-35. The City covers approximately 21 square miles. The City’s location as part of the growing Houston – The Woodlands – Sugar Land metropolitan area has resulted in continuous growth over the last several years. The City’s 2020 census population was 41,213. The City’s current population estimate is 42,757.

City Government

The City is a political subdivision and home-rule municipal corporation of the State of Texas, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City first adopted its Charter in 1971, and operates under the Council/Manager form of government with a City Council comprised of the Mayor and six Council Members. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are police, emergency medical services, including all facilities, equipment and personnel, highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The current members of the City Council and their respective expiration of terms of office are set forth on page ii hereof.

City Water and Wastewater Systems

The City will provide both water and wastewater service to the District. The City’s water distribution system and wastewater collection and discharge systems have sufficient capacity to provide water and wastewater service to the District.

The City purchases water from the City of Houston which provides water to the City through the Southeast Water Purification Plant. The City's surface water comes from Lake Livingston and the Trinity River, which is treated at two surface water plants. The City also provides water through water production facilities consisting of 6 water wells with a total capacity of 9.39 million gallons per day ("MGD") and 2 surface water booster stations capable of pumping 12.0 MGD. The system's total water capacity available to the City is 21.39 MGD. The distribution system consists of over 226.5 miles of 4" – 24" water lines, two 1 million gallon elevated tanks and 10 ground storage tanks with a total capacity of over 5.5 MGD.

The City is in the process of designing and engineering a new 24" water line to improve the City's water pressure and quality, and will also increase the amount of water that can travel through the City. Construction of the new water line began in 2024 and is expected to be completed in 2027. In addition, the City of Houston is partnering with member cities participating in the Southeast Water Purification Plant to upgrade the facilities transmission line to the Southeast Water Purification Plant. Design and engineering work on such line is underway, and construction is expected to be bid for such line in 2025.

The City has entered into an agreement with the Gulf Coast Waste Disposal Authority for the operation and maintenance of a joint treatment plant known as the Blackhawk Regional Waste Treatment Plant which serves the City and certain surrounding areas. The Blackhawk Regional Waste Treatment Plant has a capacity of 9.25 MGD. Additional sewer facilities consist of 42 lift stations and over 182 miles of sewer lines ranging in size from 4" – 36" diameter.

Several new lift stations will be constructed by developers in residential communities within the City within the next 5 years. Such lift stations will be maintained by the City upon completion and acceptance of the developments/subdivisions.

Major Employers

The major employers in the City are set forth in the table below.

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Friendswood ISD	Education	817
HEB	Retail	505
City of Friendswood	Government	258
Kroger	Retail	226
Clear Creek ISD	Education	173
McDonalds	Restaurant	102
Friendship Haven Nursing Home	Nursing Home	100
U.S. Post Office	Mailing Service	75
Morada (Formerly Atria)	Nursing Homes	72

Source: 2023 City of Friendswood Comprehensive Annual Financial Report

Historical Employment in the City

	Average Annual				
	<u>2024⁽¹⁾</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Civilian Labor Force	21,284	20,652	20,001	19,455	19,070
Total Employed	20,439	19,892	19,283	18,463	17,818
Total Unemployed	845	760	718	992	1,252
Unemployment Rate	4.0%	3.7%	3.6%	5.1%	6.6%

⁽¹⁾ Source: Texas Workforce Commission.

⁽²⁾ Data through August 2024.

Surrounding Economic Activity

The major employers of municipalities surrounding the City are set forth in the table below.

City of Houston Approximately 22 miles from the City		City of Galveston Approximately 10 miles from the City		City of Baytown Approximately 25 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
Amazon	Unpublished	University of Texas Medical Branch	9,627	Goose Creek Consolidated ISD	4,000
CHI St. Luke's Health	Unpublished	Landry's Seafood Restaurants Inc.	1,980	Exxon Mobil-Baytown Complex	3,785
ExxonMobil	Unpublished	Galveston ISD	1,218	Houston Methodist Baytown Hospital	1,975
HCA Houston Healthcare	Unpublished	Schlitterbahn	1,035	Covestro	1,110
HEB	Unpublished	Galveston County (Island only)	991	Chevron Phillips	990
Houston Methodist	Unpublished	American National Insurance Co.	934	City of Baytown	930
Kroger	Unpublished	Moody Gardens	883	Lee College	700
Memorial Hermann Health System	Unpublished	City of Galveston	812	Wal-Mart Distribution Center	600
Schlumberger	Unpublished	Texas A&M University at Galveston	731	JSW Steel	450
Wal-Mart	Unpublished	USACOE	415	Borusan Mannesmann	342

City of Lake Jackson Approximately 42 miles from the City	
Employer	Employees
The Dow Chemical Company	3,452
Texas Dept. of Criminal Justice	2,052
Brazosport ISD	1,950
Olin Corporation	1,126
Phillips 66	1,017
Marquis Construction Services	950
BASF Corporation	900
Wood Group	800
ICS	614
Turner Industries	576

City of Sugarland Approximately 37 miles from the City	
Employer	Employees
Methodist Sugar Land Hospital	2,459
Schlumberger	2,118
Memorial Hermann Sugar Land	1,035
Fluor Enterprises Inc.	925
ChampionX	800
Accredo Packaging	576
QuVa Pharma Inc.	518
St. Luke's Hospital Sugar Land	500
HCSS	425
Applied Optoelectronics	357

Source: Municipal Advisory Council of Texas

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the Creation Resolution for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Initial Major Improvements and the Additional Major Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District is included on page v hereof.

Powers and Authority

Pursuant to the PID Act, the City may establish and create the District and undertake, or pay a developer for the costs of, improvement projects that confer a special benefit on property located within the District, whether located within the City limits or the City's extraterritorial jurisdiction. The PID Act provides that the City may levy and collect

Assessments on property in the District, or portions thereof, payable in periodic installments based on the benefit conferred by an improvement project to pay all or part of its cost.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or pay a developer for the costs of, the financing, acquisition, construction or improvement of the Initial Major Improvements. See “THE INITIAL MAJOR IMPROVEMENTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain public improvements within the District, including the Initial Major Improvements, and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See “ASSESSMENT PROCEDURES” herein and “APPENDIX B — Form of Service and Assessment Plan.”

THE INITIAL MAJOR IMPROVEMENTS

General

The Initial Major Improvements consist of the costs of a portion of the major infrastructure benefitting the District. The Initial Major Improvements will be dedicated to the City. The Developer is responsible for the completion of the construction, acquisition or purchase of the Initial Major Improvements, and the Developer or its designee will act as construction manager. The City will pay project costs for the Initial Major Improvements from proceeds of the Bonds and amounts due to the Developer under the terms of the Development Agreement and the Reimbursement Agreement. The Developer will submit payment requests for costs actually incurred in developing and constructing the Initial Major Improvements and be paid in accordance with the Indenture, the Reimbursement Agreement and the Development Agreement. See “THE DEVELOPMENT – Development Plan” and “THE DEVELOPMENT AGREEMENT.”

The Initial Major Improvements, a portion of which are being financed with proceeds of the Bonds, include the following improvements benefitting the District.

Roadway Improvements

▪ *FM 528 Traffic Improvements*

Signalization improvements at F.M. 528 and Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications. Includes the addition of a southbound left turn lane on Townes Rd. to balance the new (widening) approach to F.M. 528 northbound from the new development.

Includes signalization improvements at F.M. 528 and Blackhawk Blvd. consisting of upgrades to the existing traffic signal to full operation to current Texas Department of Transportation specifications with a new south leg of the intersection, and addition of southbound left turn lane at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd. to balance the new widening approach to F.M. 528 for access management purposes. The signalization improvements will be owned and operated by the TxDOT and will provide benefit to each Lot within the District.

▪ *Phase 1 Blackhawk Boulevard Improvements*

Improvements include 4 lane arterial street construction to serve as an extension of the existing Blackhawk Boulevard from F.M. 528 to the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard and includes the construction of the roundabout. The extension will provide connection to Larrabee Way, as well as multiple local streets and is calculated to be approximately 3,512 square yards of roadway construction. Also includes the addition of a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to F.M. 528 for access management purposes. The Phase 1 Blackhawk Boulevard Improvements will provide benefit to each lot within the District.

- *Phase 1 Townes Road Improvements*

Includes the construction of 4,276 square yards of reinforced concrete street to include subgrade and a roundabout at the intersection of Townes Road and Larrabee Way, that serves as a continuation of the existing Townes Road located north of F.M. 528. The construction of the new section will begin at F.M. 528 and terminates at Larrabee Way at the southern end of the roundabout at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Madison Avenue Improvements*

Includes the construction of 1,543 square yards of a reinforced concrete street to include subgrade that will provide 2 travel lanes beginning at F.M. 528 and terminating at the 4-way stop at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Larrabee Way Improvements*

Includes the construction of 2 lanes, 12,275 square yards, of a reinforced concrete street to include subgrade which will transverse perpendicular to Madison Avenue and includes a 4-way stop at the intersection of Madison Avenue and Larrabee Way. The street improvements will provide benefit to each Lot within the District.

Earthwork, Paving and Grading.

- *Phase 1 Earthwork, Paving and Grading*

Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the Phase 1 Storm Drainage improvements, Detention Pond 1 and Detention Pond 2, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site, as well as better access from F.M. 528 for pedestrian traffic. Only a portion of the cost of earthwork, paving and grading will be funded by the Initial Major Improvement Assessment. The remaining costs will be paid from the City Contribution.

Clearing, Grubbing and Demolition

- *District Clearing, Grubbing and Demolition*

Includes light and heavy clearing for the construction and installation of the Initial Major Improvements to include heavy clearing for the construction of Detention Pond 1, along with the removal and disposal of 3" public force main and 12" public water line. The improvements are necessary for the construction of the Initial Major Improvements and will provide benefit to each Lot within the District. A portion of the costs of Clearing, Grubbing and Demolition is being funded with the City Contribution and approximately 27.07% of the costs of such improvements (\$873,609) is apportioned to the District as part of the Initial Major Improvements.

Detention Improvements

- *Detention Pond 1*

Improvements Include the excavation and construction of Detention Pond 1, a 4' retaining wall cast in place, an 8' retaining wall cast in place, installation of a backslope interceptor and swale, application of fertilizer seeds for stabilization, dewatering, sheet piling, riprap, collection screen structure and haul and disposal of utility spoils. The Detention Pond 1 Improvements will provide benefit to each Lot within the District.

- *Detention Pond 2*

Improvements include the excavation and construction of Detention Pond 2, installation of a backslope interceptor and swale, and application of hydro mulch for stabilization. The Detention Pond 2 Improvements will provide benefit to each Lot within the District. A portion of the costs of Detention Pond 2 are being funded by the City Contribution and approximately 68.79% of the costs of such improvements (\$11,020,226) is apportioned to the District as part of the Initial Major Improvements.

- *Phase I Storm Drainage*

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from F.M. 528 and terminating at the point of the proposed bridge connection at Blackhawk Boulevard. The improvements will provide a benefit to all Lots within the District.

Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Initial Major Improvements.

Soft Costs

Costs related to designing, constructing, and installing the Initial Major Improvements including land planning and design, engineering, soil testing, consultant fees, project coordination, and survey. A portion of the soft costs are being funded by the City Contribution and approximately 4.84% of the costs of such Initial Major Improvements (\$83,010) is apportioned to the Initial Major Improvements within the District.

The cost of the Initial Major Improvements is expected to be approximately \$33,840,197*. A portion of such costs in the amount of \$25,548,352* is expected to be paid with proceeds of the Bonds. The balance of the costs of the Initial Major Improvements will be paid by the Developer with Developer equity, and by the City Contribution. See “PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS.” As of October 1, 2024, the Developer had expended \$7,580,742 on the costs of the Initial Major Improvements, which was funded with Developer equity and funds provided by the City Contribution.

The following table reflects the total expected costs of the Initial Major Improvements as well as the Additional Major Improvements, which Additional Major Improvements are as more particularly described in the Service and Assessment Plan and will be funded as described under “PLAN OF FINANCE.” See “APPENDIX B — Form of Service and Assessment Plan.”

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* Preliminary; subject to change.

	Total Costs ^(a)	Non-District Costs ^(b)		District	
		%	\$	%	\$
Initial Major Improvements					
FM 528 Traffic Improvements	\$1,200,000	0.00%	\$ -	100.00%	\$1,200,000
Phase 1 Blackhawk Boulevard Improvements	240,923	0.00%	-	100.00%	240,923
Phase 1 Townes Road Improvements	271,984	0.00%	-	100.00%	271,984
Phase 1 Madison Avenue Improvements	98,159	0.00%	-	100.00%	98,159
Larrabee Way Improvements	817,556	0.00%	-	100.00%	817,556
Phase 1 Earthwork, Paving and Grading	649,796	36.51%	237,253	63.49%	412,543
Clearing, Grubbing and Demolition	3,226,758	72.93%	2,353,150	27.07%	873,609
Detention Pond 1	14,761,896	5.27%	778,095	94.73%	13,983,801
Detention Pond 2	2,018,477	0.00%	-	100.00%	2,018,477
Phase 1 Storm Drainage	5,144,261	0.00%	-	100.00%	5,144,261
Contingency ^(c)	3,695,875	0.00%	-	100.00%	3,695,875
Soft Costs ^(d)	1,714,512	95.16%	1,631,502	4.84%	83,010
	\$ 33,840,197		\$ 5,000,000		\$ 28,840,198
Additional Major Improvements					
Phase 2 Blackhawk Blvd. Improvements	\$3,703,530	0.00%	\$ -	100.00%	\$3,703,530
Phase 2 Townes Rd. Improvements	323,993	0.00%	-	100.00%	323,993
Phase 2 Madison Ave. Improvements	213,654	0.00%	-	100.00%	213,654
Bennett Blvd. Improvements	804,530	0.00%	-	100.00%	804,530
Phase 2 Earthwork, Paving & Grading	1,417,727	0.00%	-	100.00%	1,417,727
Water	1,007,036	0.00%	-	100.00%	1,007,036
Wastewater	862,879	0.00%	-	100.00%	862,879
Sanitary Sewer Lift Station	1,330,700	0.00%	-	100.00%	1,330,700
Phase 2 Storm Drainage	179,101	0.00%	-	100.00%	179,101
Landscaping, Parks and Amenities	5,597,472	0.00%	-	100.00%	5,597,472
Fire Station ^(e)	8,300,000	87.56%	7,267,480	12.44%	1,032,520
Contingency ^(f)	2,141,508	0.00%	-	100.00%	2,141,508
Soft Costs ^(g)	2,981,848	0.00%	-	100.00%	2,981,848
	\$ 28,863,978		\$ 7,267,480		\$ 21,596,498
Initial Major Improvement Bond Issuance Costs					
Delinquency and Prepayment Reserve Fund	\$ 937,500		\$ -		\$ 937,500
Debt Service Reserve Fund	3,201,440		-		3,201,440
Capitalized Interest	4,717,708		-		4,717,708
Underwriter Discount	1,125,000		-		1,125,000
Cost of Issuance	1,875,000		-		1,875,000
	\$ 11,856,648		\$ -		\$ 11,856,648
Additional Major Improvement Bond Issuance Costs ^(h)					
Delinquency and Prepayment Reserve Fund	\$ 445,550		\$ -		\$ 445,550
Debt Service Reserve Fund	1,513,540		-		1,513,540
Underwriter Discount	535,162		-		535,162
Cost of Issuance	891,100		-		891,100
	\$ 3,385,352		\$ -		\$ 3,385,352
District Formation Expenses					
District Formation Expenses	\$ 100,000		\$ -		\$ 100,000
	\$ 100,000		\$ -		\$ 100,000
Other Costs					
Deposit to Administrative Fund	\$ 80,000		\$ -		\$ 80,000
	\$ 80,000		\$ -		\$ 80,000
Total	\$ 78,126,175		\$ 12,267,480		\$ 65,858,695

Footnotes:

[a] Costs were determined by the Engineer's Report attached hereto as **Appendix A**.

[b] Funding for the Non-District Costs are being provided by other lawfully available revenue of the City and will not be reimbursed by the PID Bonds, Initial Major Improvement Assessments or Additional Major Improvement Assessments.

[c] Calculated at 13% of hard construction costs for the Initial Major Improvements as approved by the City.

[d] Includes professional services fees related to drainage and flood mitigation, Land Planning, Design, Engineering, Geotechnical Engineering, and Surveying for the Initial Major Improvements.

[e] Apportionment of Costs for the Fire Station is based on the estimated Assessed Valuation for the District as a percentage of the City's 2023 Assessed Valuation.

[f] Calculated at 13% of hard construction costs for the Additional Major Improvements as approved by the City.

[g] Includes professional services fees related to Engineering, Geotechnical Engineering, Surveying, Land Planning and Design of the Additional Major Improvements.

[h] Preliminary estimates. Actual costs will be determined at the time of bond issuance for the Additional Major Improvements.

Ownership and Maintenance of Initial Major Improvements

The Initial Major Improvements will be dedicated to and accepted by the City, and will constitute a portion of the City's infrastructure improvements. The City will provide for the ongoing operation, maintenance and repair of the Initial Major Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

THE DEVELOPMENT AGREEMENT

The City and the Developer entered in the Development Agreement, which sets forth certain agreements between the City and the Developer relating to the Developer's and the City's respective contributions to the Development, the issuance of bonds for development in the District, the City's contribution to the project from the Drainage Bonds, and the formation of the TIRZ. Capitalized terms used but not defined under this heading have the meanings ascribed to them in the Development Agreement. See "APPENDIX F – Development Agreement."

Under the Development Agreement, the Developer will undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and will undertake the design, development and construction of certain improvements including the Initial Major Improvements and the Additional Major Improvements. In accordance with the PD Ordinance (as defined herein), the Development will consist of the following elements:

- (i) Approximately 500 multi-family units;
- (ii) Approximately 191,000 square feet of medical/office use;
- (iii) A maximum 150 room hotel and approximately 5,000 square foot conference facility;
- (iv) Approximately 63,800 square feet of restaurant and retail space;
- (v) Approximately 52 acres of public parks and approximately 5.2 miles of public trails;
- (vi) A maximum of 300 condominium units;
- (vii) A minimum 2,188 spaces in parking garages;
- (viii) A City fire station; and
- (ix) The dedication of land to the City along Clear Creek for a future flood mitigation project, such acreage to be mutually agreed to by the Parties.

In addition to the Initial Major Improvements and the Additional Major Improvements, the Developer shall design, construct and install certain City Improvements and the City shall reimburse the Developer for the Actual Costs of the City Improvements from various sources including the Bonds, any revenues from assessments levied in the District, other bonds issued and secured by assessments in the District or TIRZ Revenues. "City Improvements" means the City's fire station within the District, public water, storm sewer and sanitary improvements, public drainage facilities, traffic signals, public parkland, and public roadways to include the City-owned public road providing additional access to Brookside Intermediate School.

The Development Agreement also sets forth the City's commitment to make up to \$5,000,000 available for construction of drainage improvements.

Under the Development Agreement, the City has agreed to issue up to \$100,000,000 in public improvement district assessment revenue bonds for the District and to form the TIRZ encompassing the property in the District. Pursuant to the Development Agreement, the maximum tax rate for the District, including all overlapping taxing jurisdictions and including the equivalent tax rate of any assessments, shall be no greater than \$3.05 per \$100 of assessed value at the time the assessments are levied based on the estimated buildout value of each parcel.

The City and the Developer may terminate the Development Agreement upon the occurrence of certain events of default as described in the Development Agreement.

Pursuant to the intent stated in the Development Agreement, the Developer and the City will enter into a TIRZ Development Agreement concurrently with the approval of the Bonds. The TIRZ Development Agreement provides that the TIRZ Revenues shall be distributed as follows up to the TIRZ Cap:

- (i) To subsidize Assessments in each year in order to lower the Annual Installments of the Assessments to a level that produces an overall tax equivalent tax rate equal to the rate set forth in the Service and Assessment Plan for each parcel within the PID and to pay the City's costs to administer the TIRZ;
- (ii) To reimburse the Developer for certain non-PID public improvements including certain detention improvements and the costs of a City fire station not financed through the Bonds;
- (iii) To pay the Developer an economic development grant; and
- (iv) To reimburse the Developer for excess Initial Major Improvement and Additional Major Improvement costs that have not been and will not be paid for or reimbursed from another funding source.

Any costs of the Public Improvements (as such term is defined in the Development Agreement) in excess of the available PID Bond Proceeds or assessments pursuant to a Reimbursement Agreement may be paid or reimbursed by the City from TIRZ Revenues up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. Any costs of the City Improvements in excess of the amounts set forth in the Service and Assessment Plan shall be reimbursed from TIRZ Revenues, up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. Any costs of the Drainage Improvements in excess of the City's \$5,000,000 shall be reimbursed from TIRZ Revenues, up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap.

THE DEVELOPMENT

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

Overview

The land within the District will be developed as a development to be known as "Friendswood City Center" (the "Development"). The District consists of approximately 106 acres located in the corporate limits of the City, approximately 2.5 miles from the intersection of IH 45 and FM 528. The City is in the Houston-The Woodlands-Sugarland Metropolitan Statistical Area. The Development is approximately 26 miles south of Houston, Texas, 31 miles north of Galveston, Texas, 15 miles south of Houston Hobby Airport and 45 miles south of George W. Bush Intercontinental Airport. The Development is located in the Clear Creek Independent School District. Nearby attractions include Space Center Houston, Texas Avenue Park and Kemah Boardwalk.

Development Plan

The infrastructure benefitting the District will be constructed in two phases. The Developer expects to construct the Initial Major Improvements as the first phase of development. Construction of the Initial Major Improvements began in Q2 2024 and is expected to be completed by Q3 2025. The cost of the Initial Major Improvements is expected to be approximately \$33,840,197*. A portion of such costs in the amount of \$25,548,352* is expected to be paid with proceeds of the Bonds. See "SOURCES AND USES OF FUNDS." The Developer will finance the balance of the Initial Major Improvements not paid with proceeds of the Bonds with Developer equity, to the extent such improvements are not financed with the City Contribution. As of October 1, 2024, the Developer had expended \$7,580,742 on the costs of the Initial Major Improvements, which was funded with Developer equity and funds provided by the City Contribution.

* Preliminary; subject to change.

The Developer expects to construct the Additional Major Improvements as the second phase of development. Construction of the Additional Major Improvements other than the fire station is expected to begin in Q2 2025 and be completed in Q2 2026. See “THE INITIAL MAJOR IMPROVEMENTS” and “APPENDIX B — Form of Service and Assessment Plan.”

Construction of the Additional Major Improvements is expected to initially be funded by Developer equity, and, if issued, the Additional Major Improvement Bonds. The City is also expected to contribute funds from the TIRZ to fund a portion of the fire station pursuant to the TIRZ Development Agreement. See “THE DEVELOPMENT – TIRZ Development Agreement.”

Expected Vertical Development in the District

The District contains approximately 106 acres which are being developed as a master-planned mixed-use development expected to consist of approximately 76,408 square feet of building space as inline retail or food retail, 268,800 square feet of mixed use space which includes ground floor retail and condominium/multifamily above ground floor retail, an approximately 115-room hotel with convention space, 194,050 square feet of office/medical building space, and approximately 500 multifamily units (in approximately 750,000 square feet) and a fire station. The Developer will develop the District to provide the necessary infrastructure to achieve vertical development on 12 separate lots, Lots 1-12 as shown on the “CONCEPT PLAN FOR DEVELOPABLE LAND IN THE DISTRICT” appearing on page vi hereof. Vertical development in the District will occur on approximately 40.237 acres. The remainder of land in the District will be parkland, open space, and amenities, all of which will be located in the flood plain. See “— Amenities.” Except for Lot 2, Lot 3, Lot 4 and Lot 5, all lots in the District are expected to be owned by entities affiliated with the Developer and Wolfram and vertical construction on such lots is expected to be completed by such entities as described below and under “THE DEVELOPER – History and Financing of the District – Vertical Development Financing.”

Lot 1, Lot 2, Lot 3, Lot 4 and Lot 5 were sold by the Developer in 4 separate transactions occurring between March and July 2024 as more particularly described under “THE DEVELOPER – History and Financing of the District – Acquisition and Subsequent Sales of Land in the District” at a collective sale price of \$6,169,838. Lot 1 was sold to Lone Star Campus R1 LLC, a special purpose entity affiliated with Wolfram, and the purchase was funded with an additional loan from the Lender to Lone Star Campus R1 LLC. See “THE DEVELOPER – History and Financing of the District.”

The Developer has not entered into any contracts for, and does not expect to enter into any sale contracts for, the sale of Lot 6, Lot 7, Lot 9, or Lot 11. The Developer expects that Lot 6, Lot 7 and Lot 9 will be contributed to a joint venture entity formed between the Developer and a Wolfram affiliated entity. The Developer expects to own and complete vertical development on Lot 11.

Wolfram has received a Letter of Intent (the “B&B Letter of Intent”) from B&B Theaters Operating Company D.B.A. as B&B Theaters (“B&B Theaters”) pursuant to which Wolfram and B&B Theaters expect to enter into a management agreement for a portion of the vertical square footage expected to be located on Lot 7 (22,000 sf of horizontal square footage and 80,000 sf of vertical square footage, respectively), which is expected to be used as a full service luxury movie theater with a luxury entertainment center featuring a bar and grill. The B&B Letter of Intent provides that the management agreement is expected to be for a term of 10 years and the opening date of the theater and entertainment center will be within 90 days following receipt of a certificate of occupancy for the theater and entertainment center. No assurance can be given that the final management agreement will be executed, or that it will be on the terms specified above.

Pursuant to the Developer’s operating agreement, the Developer is required to transfer Lot 8 (the hotel lot) and Lot 10 (a medical office building lot) to Lone Star Campus LLC, the Class D member of the Developer and a special purpose entity affiliated with Wolfram, as a contribution to such entity upon the release of such lots from the deed of trust securing the Acquisition Loan. See “THE DEVELOPER – Description of the Developer.”

Lone Star Campus LLC is expected to complete the vertical development of the hotel in the District. A hotel flag has not been chosen, but it is expected to be a full-service hotel with a Marriott or Hilton flag. Vertical development of the hotel is expected to be financed with investor equity and bank debt in addition to key money provided by the hotel brand. See “THE DEVELOPER – Executive Biographies” for information on the hotel development experience of the principals of Wolfram.

The Developer is under contract to sell Lot 12 (consisting of approximately 17.515 acres) to Lone Star Campus MFH LLC, a special purpose entity affiliated with Wolfgramm, pursuant to a Purchase and Sale Agreement (the "Lot 12 Contract") at a sale price of \$20,000,000. Such purchase price is to be paid with \$6,000,000 cash (a \$50,000 portion of which has been deposited as earnest money) and \$6,000,000 may be financed with a note in favor of the Developer payable six months after the closing date. The Lot 12 Contract requires the certain pre-conditions be met for Lone Star Campus MFH LLC to close, including issuance of the Bonds and adequate road/life safety access available to the site for concurrent building permit issuance and for construction to begin on Lot 12. Although the Lot 12 Contract provided for an initial closing date of July 16, 2024, the Lot 12 Contract provides the closing of such lot will be abated until such time as the conditions to close have been met. As of the date hereof, closing has not occurred. Closing of is expected to occur on December 15, 2024.

Due to the location of Lots 1-5 (abutting FM 528), vertical construction on Lots 1-5 in the District can begin without the completion of the Initial Major Improvements or the Additional Major Improvements. Such vertical construction is expected to begin in Q4 2024 and is currently anticipated to be completed in Q2 2025. The Developer indicates there is a finalized five-year lease for approximately 1,500 sf of office space on Lot 1 and an executed ten-year lease for a 3,000 sf (plus patio space) restaurant on Lot 2. Vertical construction on Lot 8 is expected to begin in December 2025 and be completed in Q4 2027. Vertical construction on Lot 10 is expected to begin in December 2024 and be completed Q4 2026. A two phase vertical construction period is expected for Lot 12 in the District. Vertical construction on Lot 12 is expected to commence in Q1 2025, and phase one of such vertical construction is expected to be completed in Q2 2027. Phase two of such vertical construction is expected to be completed by Q1 2028. The Developer does not currently have a timeline for vertical construction on Lots 6, 7, 9, and 11 in the District.

Set forth below is a summary of the current ownership and expected uses on each expected lot in the District, along with the expected vertical buildout, sale and leasing status of such parcels.

<u>Lot</u>	<u>Acres</u>	<u>Current Owner</u>	<u>Expected Use/SF⁽¹⁾</u>	<u>Expected Start/Completion of Vertical Construction</u>	<u>Leasing or Sale Status</u>
1	1.659	Lone Star Campus R1, LLC	Retail (Appx. 15,000 sf)	Start: Q1 2025 Completion: May 2025	Sold in July 2024 Approximately 1,500 sf leased for a 5 year lease expected to commence June 2025.
2	1.474	Tima Holdings, LLC	Retail/Shopping (Appx. 14,500 sf)	Start: Q4 2024 Completion: Q2 2025	Sold in March 2024 Approximately 3,000 sf (plus patio space) leased for a 10 year lease expected to commence 120 days after shell completion.
3	1.654	Hill Gage Development	Retail/Shopping (Appx. 16,500 sf)	Start: Q4 2024 Completion: Q2 2025	Sold in March 2024 No formal leases have been executed.
4	1.597	Ajay Jain	Retail/Shopping (Appx. 14,500 sf)	Start: Q4 2024 Completion: Q2 2025	Sold in March 2024 No formal leases have been executed.
5	1.454	Ajay Jain	Convenience Store/Gas Station (Appx. 14,000 sf)	Start: Q4 2024 Completion: Q2 2025	Sold in March 2024 No leases are expected on this site.
6	2.750	Developer	Mixed Use 1 (Ground Floor Retail and Condominium) (Appx. 100,000 sf retail and condo units)	Unknown	Expected to be contributed to a joint venture entity formed between the Developer and a Wolfgramm affiliated entity for vertical development No future sale or leasing activity has occurred for Lot 6.
7	2.716	Developer	Mixed Use 2 (Ground Floor Retail and Condominium)	Unknown	Expected to be contributed to a joint venture entity formed between the Developer and a

			(Appx. 68,800 sf retail and condo units and 1,908 of additional outlying retail)		Wolfgramm affiliated entity for vertical development No future sale or leasing activity has occurred for Lot 7.
8	2.660	Developer	Hotel (Appx. 115 Keys)	Start: Q4 2025 Completion: Q4 2027	Expected to be transferred to Lone Star Campus LLC (Wolfgramm controlled entity) under Developer operating agreement for vertical development
9	3.072	Developer	Mixed Used 3 (Ground Floor Retail and Condominium) (100,000 sf Retail and condo units)	Unknown	Expected to be contributed to a joint venture entity formed between the Developer and a Wolfgramm affiliated entity for vertical development A portion of the retail square footage on Lot 9 is subject to the B&B Letter of Intent.
10	3.687	Developer	Medical/Office (125,000 sf) (MOB 1)	Start: December 2024 Completion: Q4 2026	Expected to be transferred to Lone Star Campus LLC (related entity) under Developer operating agreement for vertical development No future leasing activity has occurred for Lot 10.
11	1.806	Developer	Medical/Office (69,050 sf) (MOB 2)	Unknown	Developer expects to own and complete vertical development on Lot 11. A sale of such lot is not expected. No future leasing activity has occurred for Lot 11.
12	17.515	Developer	Multifamily/Mixed Use Retail (750,000 sf, including approximately 500 MF units)	Start: Q1 2025 Completion (Phase One): Q2 2027 Completion (Phase Two): Q1 2028	Under contract for sale to Lone Star Campus MFH LLC

⁽¹⁾ It is noted that estimated square footages set forth above for Lots 1-5 differ from the estimated building square footages utilized for the purposes of the in the Appraisal, which are based on as estimated maximum building square footage based on schematics provided for Lots 1-5. See "APPRAISAL" and APPENDIX E.

Photographs of Development in the District

Photographs of development in the District appear in APPENDIX G hereto.

TIRZ Development Agreement

The City, the Board of Directors of the TIRZ, and the Developer expect to enter into a TIRZ Development Agreement (the "TIRZ Development Agreement") pursuant to which the Developer is expected to agree to construct, and the City is expected to agree to fund a portion of certain costs, including the costs of a City fire station in the Development not otherwise paid for by the District, certain playing fields and a Chapter 380 economic development grant in the maximum amount of \$1,250,000, as set forth in the TIRZ Development Agreement and the TIRZ Project and Finance Plan. The Developer shall be reimbursed from "Available Tax Increment" in the TIRZ. "Available Tax Increment" means City Tax Increment (as defined in the TIRZ Reimbursement Agreement) deposited into a segregated fund other than those funds required to be used to: (i) subsidize the Assessments and (ii) pay Administrative Costs of the TIRZ up to a cap of \$100,000,000.

The TIRZ Development Agreement is expected to provide that the City and the Zone, in their sole and absolute discretion, shall have the right, upon thirty (30) days' prior written notice to Developer, to terminate the TIRZ Development Agreement if: (a) Developer does not commence construction of certain detention and road improvements within the Development and the playing fields on or before the date that is six months from the effective

date of the TIRZ Development Agreement; or (b) Developer does not complete construction of the detention and road improvements on or before three years from the Commencement of Construction of those detention and road improvements and the playing fields; or (c) Developer does not commence construction of the fire station on or before the date that is five years from the effective date of the TIRZ Development Agreement, (d) Developer does not complete construction of the fire station on or before the date that is three years from the commencement of construction of the fire station, or (e) Developer becomes insolvent, or all or a substantial part of Developer's assets are assigned for the benefit of its creditors, or a receiver or trustee is appointed for Developer.

The TIRZ Development Agreement is also expected to provide that during the term of the TIRZ Development Agreement, following completion of the Project, the Developer shall not protest Harris Central Appraisal District's assessed taxable value of the Project or the taxable real property within the TIRZ. If the Developer does not comply such covenant with, the City, at its sole discretion, may suspend performance of the City under the TIRZ Development Agreement and begin procedures to terminate the TIRZ Development Agreement for default, and the Developer shall repay to the City all portions of the TIRZ Contribution paid to the Developer under the TIRZ Development Agreement.

Concept Plan

Set forth on page vi is the current concept plan of the Development as approved by the City. The concept plan is conceptual and subject to change consistent with the City's zoning and subdivision regulations. See "– Zoning" below.

Zoning

The property within the District is currently zoned as Planned Unit Development per Ordinance No. 2023-28 approved on November 6, 2023 (the "PUD Ordinance"). The current zoning allows for a mixed-use development with a variety of commercial and multi-family uses and establishes guidelines pertaining to purpose, height, area, setbacks, landscaping, garages and the like. The Developer expects to pursue an amendment to the existing PUD Ordinance to allow for additional square footage and density on certain parcels in the District. No assurance can be given that the City will approve such amendment, or how much additional square footage of any particular use will be approved.

Amenities

The Developer expects to construct approximately 45 acres of public parks, and approximately 5.2 miles of hike and bike trails, exercise stations, public restrooms, and a fishing lake to serve the entire Development (collectively, the "Amenities"). Construction of the Amenities is expected to begin in Q2 2025 and be completed in Q4 2026. The Amenities are part of the Additional Major Improvements, and are expected to cost approximately \$5,597,472. The Amenities are expected to be funded initially with Developer equity and reimbursed through the Additional Major Improvements Reimbursement Obligation and, if issued, the Additional Major Improvement Bonds.

Private Improvements

The Developer also plans to construct certain private improvements to serve the entire District including gas and electric franchises utilities (collectively, the "Private Improvements"). The approximate cost of the Private Improvements in the District is \$1,415,000, which are expected to be funded by CenterPoint.

Education

Children in the Development will attend schools in Clear Creek ISD which encompasses an area of approximately 120 square miles and is located midway between Houston, Texas and Galveston, Texas. Clear Creek ISD enrolls over 40,000 students in 27 elementary schools, 10 intermediate schools, an educational alternative high school campus, an early college high school campus, and 5 comprehensive high schools. According to the Texas Education Agency ("TEA"), Clear Creek ISD received a "District Accountability Rating" of B from the TEA for 2021-2022. Students in the District will attend (i) Landolt Elementary School (approximately 2.1 miles from the District), which received a "District Accountability Rating" of A from the TEA for 2021-2022, (ii) Brookside Intermediate School (approximately 0.8 miles from the District), which received a "District Accountability Rating"

of B from the TEA for 2021-2022, and (iii) Clear Springs High School (approximately 4.8 miles from the District), which received a “District Accountability Rating” of A from the TEA for 2021-2022. 2021-2022 is the latest year for which ratings are available from the TEA. GreatSchools.org currently rates Landolt Elementary School a 7/10, Brookside Intermediate School a 6/10 and Clear Springs High School a 7/10.

Existing Mineral Rights, Easements and Other Third Party Property Rights

Third parties hold title to certain rights applicable to real property within and around the District (the “Mineral Owners”), including reservations of mineral rights and royalty interests and easements (collectively, the “Third Party Property Rights”) pursuant to various instruments in the chain of title for various tracts of land within and immediately adjacent to the District. Some of these reservations of mineral rights include a waiver by the Mineral Owners of their right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District. If the waiver is applicable, such Mineral Owners may only develop such mineral interests by means of wells drilled on land outside of the property of the District.

The Developer is not aware of any ongoing mineral rights development or exploration on or adjacent to the property within the District. The Developer is not aware of any interest in real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Texas Railroad Commission may also restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues.

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

Environmental

Environmental. The Developer indicates that no Phase I Environmental Site Assessment was performed with respect to the property in the District. The Developer has provided an environmental records search performed by Environmental Resources, Inc. (“ERI”) for review (the “ERS Search Report”). For the ERS Search Report ERI searched environmental records for the property in the District as well as certain adjacent properties containing a dry cleaner, a gas station and a bank (the adjacent sites, the “Mapped Sites”). The ERS Search Report indicated that neither the District property nor the Mapped Sites appeared on a list of federal Superfund sites, CERCLA sites, Delisted National Priority List Sites, RCRA sites, or other federal or state environmental site registries. The records search also revealed that certain of the Mapped Sites (located between 0.25 and 0.4 miles from the District) were leaking petroleum storage tank sites. According to the ERS Search Report, a “final concurrence” has been issued for both sites, and a release determination report was filed for the removal of an underground storage tank from one such site. The ERS Search Report also indicated that the dry cleaner Mapped Site is in the Voluntary Cleanup Program Database.

Jurisdictional Waters of the United States; Endangered Species. WGA Consulting Engineers (“WGA”) conducted a comprehensive wetlands and Jurisdictional Waters of the US (“WOTUS”) delineation of the land in the District in February 2024, and identified one intermittent stream that was an assumed Jurisdictional WOTUS. As part of the development in the District, the Developer intends to install fill material for bank line stabilization and erosion protection, which activities were determined by WGA to fall within Nationwide Permit 18 and did not require any special permit from the U.S. Army Corps of Engineers. WGA also conducted a Threatened and Endangered Species desktop review in December 2023 and a Cultural Resources desktop review in June 2023 to ensure that all Nationwide Permit General Conditions were satisfied. WGA did not observe any federally or state listed endangered species or their preferred habitats in the District. No vertical development is expected to occur within the flow of any WOTUS.

Flood Plain Designation

According to Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) No. 48167C0018G revised on August 15, 2019 approximately 87.95 acres of land in the District, which includes Lots 6-12 in the District, is located in special flood hazard areas subject to inundation by a 100-year and 500-year flood. The Initial Major Improvements and Additional Major Improvements will include drainage and detention infrastructure to assist with flood control and flood mitigation, and the Developer is expected to utilize fill dirt to raise the elevation of Lots 6-12 out of flood plain elevations and allow for all buildings on such lots to be constructed above the flood plain. The Developer expects to apply for a Letter Of Map Revision Based on Fill (a “LOMR-F”), which LOMR-F may be applied for during construction. The Developer expects the process to receive a LOMR-F to take approximately 6 months. Subsequent to the LOMR-F, the Developer expects to apply for a formal Letter of Map Revision (“LOMR”) to allow for removal of Lots 6-12 from special flood hazard areas subject to inundation by a 100-year and 500-year flood. The Developer expects that such process will take approximately 1-2 years. No assurance can be given as to if or when FEMA will approve a LOMR-F or a LOMR. Irrespective of whether FEMA approves a LOMR-F or LOMR, the Developer indicates flood insurance is and will continue to be required by any lender for all properties in the District.

Approximately 50 acres of the District lying within the floodplain is in the Clear Creek watershed and is located in a regulatory floodway. All of the acreage lying in the regulatory floodway is expected to be utilized as open space. Clear Creek watershed is maintained by the Harris County Flood Control District.

Utilities

Water and Wastewater. It is expected that the City will provide water and sewer service to the District, and all existing and future water and sewer improvements will be dedicated to, and owned and operated by, the City. The City’s water and sewer systems currently have sufficient capacity to provide water and wastewater service to the District. See “THE CITY – City Water and Wastewater Systems.”

Other Utilities. Additional utilities in the District are provided as follows: (1) Electric – CenterPoint, (2) Natural Gas – CenterPoint and (3) Phone, Data and Cable – AT&T and Comcast.

THE DEVELOPER

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

General

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

Description of the Developer

The Developer was created for the purpose of managing and ultimately conveying property in the District to third parties, as described under the caption “THE DEVELOPMENT.” The Developer is a nominally capitalized limited liability company, the primary asset of which is unsold property within the District. The Developer will have

no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the District or funds advanced to the Developer by an affiliated party. The Developer's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Bonds.

The Developer has two Class A members: (1) Louis Tannos and (2) Eric Langan, who each have a 45% equity stake. There is one Class B member, HWC Friendswood LLC, a Delaware limited liability company, which has a 10% equity stake. The individual members of HWC Friendswood LLC are Phil Wolfgramm, Koloa Wolfgramm, and Russell Handy. There is also one class D member of the Developer, Lone Star Campus LLC, a Delaware limited liability company, which contributed acquisition capital in exchange for two parcels of the Property (Lot 8 and Lot 10). Lone Star Campus LLC has no right to any other profits or property. Lone Star Campus LLC's members include 24 Class A members which have limited rights that collectively own 90% of the equity in Lone Star Campus LLC's portion of property. The remaining 10% of Lone Star Campus LLC is a Class B interest owned by Wolfgramm in exchange for non-capital contributions to Lone Star Campus LLC. The manager of Lone Star Campus LLC is Wolfgramm.

The Developer is currently the majority owner of the property in the District. Its 45% member, Louis Tannos, a general contractor, is overseeing the day-to-day development of the property. HWC Friendswood LLC has minority voting rights and plays a consulting role with some shifting control rights if the Developer defaults on commitments in the Developer's operating agreement to use its best efforts to deliver Lot 8 and Lot 10 to Lone Star Campus LLC by September 15, 2023 and to complete site work on the property by December 18, 2024. The Developer did not meet the September 15, 2023 transfer deadline for Lot 8 and Lot 10, and Lone Star Campus LLC is awaiting the transfer of the two parcels upon their release from the deed of trust securing the Acquisition Loan. It is not expected that the Developer will meet site work completion deadline set forth in the operating agreement of the Developer. However, HWC has provided consent resolution indicating it does not intend to exercise its change in control right set forth in the Developer's operating agreement.

Set forth below is a list of developments that Wolfgramm and Wolfgramm's principals (which are collectively identified in the chart below as "Wolfgramm Entities") and Louis Tannos have completed.

<u>Developing Entity</u>	<u>Name of Development</u>	<u>Location</u>	<u>Property Type</u>	<u>Status of Development</u>
Wolfgramm Entities	Brookhurst Triangle	Anaheim, CA	Luxury apartments	Completed and stabilized.
Wolfgramm Entities	Ritz Carlton Rancho Mirage	Rancho Mirage, CA	5-star luxury hotel with for-sale condos	Completed and stabilized.
Wolfgramm Entities	Embassy Suites Glendale	Glendale, CA	272-key hotel	Completed and stabilized.
Wolfgramm Entities	Sheraton Garden Grove/Anaheim South	Garden Grove, CA	285-key hotel	Completed and stabilized. Part of multi-phase development including additional resort-style amenities.
Wolfgramm Entities	Ascent Park City by Hilton	Park City, UT	120-key 4-star luxury hotel with for-sale condos	75% completed, expected completion within 90 days.
Wolfgramm Entities	Waldorf Astoria Park City	Park City, UT	269-key 5-star luxury hotel with for-sale condos	Existing 160-key resort with planned \$80MM expansion set to break ground in 2025.
Tannos	TLH III	Friendswood, TX	Mixed-use / medical office	100% Occupied
Tannos	THL II	Friendswood, TX	Mixed-use / retail	100% Occupied
Tannos	TLH I	Friendswood, TX	Mixed-use / retail	100% Occupied
Tannos	1715 LLC	Friendswood, TX	Mixed-use / Medical office	Final stage build out and occupancy
Tannos	Albritton	Friendswood, TX	Mixed-use / residential-retail-office	Under Construction
Tannos	Del-Monte	Galveston, TX	Industrial / International Port	Fully Operational
Tannos	RCI	Houston, TX	Mixed-use Office – warehouse - Industrial	Fully Operational

The principals associated with the Developer have created and expect to create affiliated entities (including but not limited to Lone Star Campus LLC, Lone Star Campus R1 LLC, and Lone Star Campus MFH LLC) that will be partially owned and controlled by various principals of the Developer and Wolfgramm in order to own and vertically develop the majority of the property within the District. It is expected, then, that entities partially owned and controlled by principals of the Developer and Wolfgramm will have the responsibility for the payment of the majority of the Assessments and the Additional Major Improvement Assessments for the foreseeable future. See “BONDHOLDERS’ RISKS – Dependence Upon Developer and Related Entities.”

Executive Biographies

Phil Wolfgramm (Co-Founder and Chief Executive Officer, Wolfgramm Capital): Phil Wolfgramm has 25+ years of experience in hospitality and real estate. He started his career in hospitality as a hotel shuttle driver and night auditor. He moved up through the hotel accounting track as an assistant controller and controller until he became a General Manager in 2003 at various IHG, Choice, Starwood, and Marriott full-service hotels. Phil also led the ground-up development, and served as the Opening GM, of the 285-key Sheraton Garden Grove Anaheim South and the 272-key Embassy Suites Glendale.

In 2008, Phil became the Head of Acquisitions and Asset Management at Kam Sang Company. Over the last 13 years, Phil spearheaded over 2 billion dollars’ worth of real estate acquisitions, refinances, and developments. In addition, Phil asset managed all of Kam Sang’s brand managed properties: Ritz Carlton Rancho Mirage, JW Marriott Palm Desert, and Waldorf Astoria Las Vegas. He was also responsible for overseeing the financial performance of the company’s self-managed properties which included Residence Inn, Courtyard, and Embassy Suites hotels.

Some of Phil’s notable hospitality acquisitions include:

- Ravella Lake Las Vegas (formerly Ritz Carlton Lake Las Vegas) with a rebrand to the Hilton Resort and Spa
- Ritz Carlton Rancho Mirage along with leading the ongoing development of an adjacent 100+ condominium wing
- JW Marriott Resort and Spa Palm Desert with an extensive 30M+ renovation
- Mandarin Oriental Las Vegas with an extensive renovation and rebrand to a Waldorf Astoria

During Phil’s tenure as Head of Acquisitions and Asset Management, Kam Sang’s portfolio grew from 75 million to over 2 billion. He left Kam Sang in July 2021 to co-found Wolfgramm Capital. Wolfgramm Capital is a real estate investment firm specializing in hotel acquisitions and management, while also seeking, acquiring, and developing opportunistic and ground-up mixed use, residential, and suburban master-planned projects.

Koloa Wolfgramm (Co-Founder and Chief Operating Officer, Wolfgramm Capital): Koloa Wolfgramm oversees acquisitions, financing, investment structuring, and deal due diligence. He also assists in asset management and ground-up development. He has led over 350MM of commercial real estate acquisitions in the last 18 months.

Koloa formerly worked for a community economic development organization where he advised for- and nonprofit entities in their acquisition, financing, development, and divestiture of various real estate asset classes including retail, commercial, and mixed-use properties. Koloa also previously worked at Kirkland & Ellis, LLP where he gained deal experience in the private equity and investment funds groups. He has assisted on multiple billion-dollar private equity transactions.

Prior to co-founding Wolfgramm Capital, Koloa was the co-founder and COO of a venture-backed PropTech startup. He was also a partner at a venture capital firm in New York City where he managed an eight-figure fund as a specialist in LegalTech and PropTech companies.

Koloa graduated with a B.A. from Brigham Young University as a salutatorian and received a J.D. from Yale Law School where he served as an editor on the Yale Journal on Regulation. He is also a former bobsled pilot and competed for Team USA from 2011-2013

Russell Handy (Co-Founder and Chief Legal Officer, Wolfgramm Capital): Russell Handy oversees the company's litigation, risk management, and compliance. He is a former law professor and clerked on the Ninth Circuit for Judge Thompson. In the last year alone, he has advised on over 300MM of hospitality acquisitions.

Russell is a seasoned hospitality litigator and has consulted in the hotel space for over a decade. He regularly teaches and lectures on property level compliance and has won numerous awards for his trial and appellate advocacy. He founded Potter Handy LLP and is a recognized, and oft-cited, expert in civil litigation. He has argued in front of the Ninth Circuit, California Courts of Appeal, and the California Supreme Court. He was awarded the California Lawyer Magazine's Attorney of the Year in 2010 and was named one of San Diego's top attorneys in 2011. Russell is also a former Certified Contract Advisor to the NFL Players Association.

Prior to entering the law, Russell served in the United States Army where he participated in over 48 live-fire missions and received numerous military recognitions and awards, including two Bronze Service Stars. He holds a B.A. from Brigham Young University and a J.D., magna cum laude, from California Western School of Law where he was an associate editor of the Law Review.

Eric Langan (Chairman of the Board / Director / Chief Executive Officer / President (RCI Hospitality): Eric S. Langan has been a director of 1998, and President, CEO and Chairman of RCI Hospitality since 1999. He began his career in the hospitality industry in 1989 and has developed significant expertise in sports bar/restaurants and adult entertainment nightclubs, including related areas of real estate development and finance. Mr. Langan built the XTC Cabaret nightclub brand and merged it into RCI in 1998, expanding the scope of the company. He has been instrumental in bringing professional marketing, management, finance, and technology practices and systems to the gentlemen's club industry. As one of the original founders of the National Association of Club Executives (ACE), Mr. Langan has been an active member of its Board of Directors since 1999. Through these activities, Mr. Langan has acquired the knowledge and skills necessary to successfully operate adult entertainment businesses.

Louis Tannos (President of Madison Development Corp, LLC): Louis began his construction career in the offshore oil and gas industry as a commercial construction diver. After leaving the industry and starting his first company in 2000, he quickly moved into remodeling, then custom homes, commercial projects, industrial and eventually full design and build of commercial and mixed-use developments. As President of Tannos Development Group, Louis Tannos is the engine behind all new developments. From locations, to plans, designs and construction process, Louis creates the new deals and opportunities for growth.

History and Financing of the District

Land Acquisition and Subsequent Sales of Land in the District. The Developer purchased the property in the District on February 23, 2023 from Clear Creek Community Church at a purchase price of \$10,000,000. The purchase price was financed with the Acquisition Loan from the Lender, b1 Bank, in the amount of \$6,500,000 and Developer equity.

Subsequent to its acquisition of the Property in the District, the Developer made the following sales of parcels in the District:

<u>Buyer</u>	<u>Lot/Pad Site Size</u>	<u>Sale Price</u>	<u>Closing Date</u>
Tima Holdings, LLC	Lot 2: 1.474 acres	\$1,155,734	March 21, 2024
Hill Gage Development, LLC	Lot 3: 1.654 acres	\$1,440,965	March 26, 2024
Ajay Jain	Lot 4 and Lot 5: 3.051 acres	\$2,127,819	March 27, 2024
Lone Star Campus R1 LLC	Lot 1: 1.659 acres	\$1,445,320	July 12, 2024

As of October 1, 2024, the outstanding balance on the Acquisition Loan is \$415,458.42. The Acquisition Loan bears interest at a rate of 8.50%. Interest is payable monthly, and principal is due at maturity. The Acquisition Loan currently matures on December 15, 2024. The Acquisition Loan is personally guaranteed by Eric Langan and Louis Tannos.

The Acquisition Loan is secured by a lien on all property in the District. The Developer expects to obtain a release of Lot 8 and Lot 10 from the deed of trust securing the Acquisition Loan to facilitate the contribution of Lot 8 and Lot 10 to Lone Star Campus LLC as described in the Developer's operating agreement. The Acquisition Loan is also secured by assignments of the Developer's rights under certain contracts, including the Development Agreement.

Lone Star Campus R1 LLC (an entity owned 50% by Russell Handy, a Developer principal, and managed by Wolfgramm) utilized a loan from the Lender (the "LSCR1 Acquisition Loan") in the original principal amount of \$1,609,000 for its purchase of Lot 1 in the District. As of October 1, 2024, the outstanding balance of the LSCR1 Acquisition Loan is \$1,609,000. The LSCR1 Acquisition Loan bears interest at a rate of 8.25%. Interest is payable monthly, and principal is due at maturity. The LSCR1 Acquisition Loan currently matures on July 12, 2025. The LSCR1 Acquisition Loan is personally guaranteed by Russell Handy, Koloa Wolfgramm, and Phillip Wolfgramm.

The LSCR1 Acquisition Loan is secured by a lien on Lot 1 (which is approximately 1.659 acres) in the District and an additional approximately 1.6 acres of land located outside the District.

The PID Act provides that the Assessment Lien is a first and prior lien against an Assessed Property within the District and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Bonds, the Lender shall consent to and acknowledge the creation of the District, the levy of the Assessments and the subordination of the lien securing the Acquisition Loan and the LSCR1 Acquisition Loan to the assessment lien on property within the District securing payment of the Assessments. As a result, the lien on the property within the District securing the Assessments will have priority over the lien on the property within the District securing the Acquisition Loan and the LSCR1 Acquisition Loan.

According to records obtained from the Harris County property records, to finance his purchase of Lots 4 and 5 in the District, Ajay Jain obtained a loan from Cadence Bank in an original principal amount of \$1,489,473. Such Cadence Bank loan is evidenced by a note that matures on March 27, 2026 and is secured by a lien on Lots 4 and 5 in the District. Ajay Jain has not participated in the issuance of the Bonds or in the preparation of this Limited Offering Memorandum and, accordingly, it is not expected that Cadence Bank will provide any acknowledgement or consent to the Assessments. As noted above, however, the PID Act provides that the Assessment Lien is a first and prior lien against an Assessed Property within the District and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes.

After the release of Lot 8 and Lot 10 from the deed of trust securing the Acquisition Loan, the Developer does not expect that there will be liens associated with the acquisition of Lot 8 and Lot 10 by Lone Star Campus LLC, which lots are expected to be contributed to Lone Star Campus LLC in accordance with the Developer's operating agreement.

Vertical Development Financing. Vertical development in the District is expected to be funded through a combination of equity, joint venture financing, or by one or more loans acquired by the various property owners in the District. It is expected that all lots in the District other than Lot 2, Lot 3, Lot 4 and Lot 5 will be owned and developed by various entities owned and/or controlled by the Developer, Wolfgramm or a joint venture entity formed between Wolfgramm and the Developer as described below and under "THE DEVELOPMENT – Expected Vertical Development in the District."

For Lot 1, Wolfgramm has approached Cotecon USA, a construction company to which Wolfgramm has close ties, to carry the construction financing for vertical development. Finalization of such arrangement is currently awaiting biddable construction documents; however, if the financing arrangement with Cotecon USA is not finalized, Lone Star Campus R1 LLC will either self-finance or pursue a traditional construction loan for vertical construction on Lot 1. The construction loan may be with the Lender as part of upsizing the LSCR1 Acquisition Loan, or a separate construction loan that will take out the LSCR1 Acquisition Loan.

The owners of Lot 2, Lot 3, Lot 4 and Lot 5 have not participated in the preparation of this Limited Offering Memorandum or provided information regarding the financing of vertical development thereon. A search of the Harris County Property Records indicates that there are no deeds of trust filed in the name of the owners of Lot 2 or Lot 3 reflecting any lender financing of vertical development of Lot 2 or Lot 3. In addition, the deed of trust reflecting the

Cadence Bank loan for the acquisition of Lots 4 and 5 reflects only a note in amounts sufficient for the purchase of Lots 4 and 5. The Developer does not have additional information relating to the financing arrangements for construction of the vertical improvements on Lot 2, Lot 3, Lot 4 and Lot 5. No assurance can be given that the owners of Lot 2, Lot 3, Lot 4 and Lot 5 will have or be able to obtain sufficient capital to complete vertical development on such Lots.

The Developer has not entered into any contracts for, and does not expect to enter into any contracts for the sale of Lot 6, Lot 7, or Lot 9. The Developer expects that Lot 6, Lot 7 and Lot 9 will be contributed to a joint venture entity formed between the Developer and a Wolfgramm affiliated entity that will complete the vertical development. Vertical development on Lot 6, Lot 7, and Lot 9 is expected to be financed with investor equity and bank debt.

Lone Star Campus LLC is expected to be the initial owner of Lot 8 and Lot 10 after the transfers pursuant to the Developer's operating agreement. It is expected that Lone Star Campus LLC will transfer such lots to a separate single purpose "Lone Star" entity, which will similarly be controlled by Wolfgramm, in order to finance vertical development on Lot 8 and Lot 10. Vertical development of the hotel on Lot 8 is expected to be financed with investor equity and bank debt in addition to key money provided by the hotel brand. Vertical development on Lot 10 is expected to be financed with investor equity and bank debt.

The Developer has not entered into any contracts for, and does not expect to enter into any contracts for, the sale of Lot 11. The Developer expects to own and complete vertical development on Lot 11. Vertical development on Lot 11 is expected to be financed with investor equity and bank debt.

Lone Star Campus MFH LLC, which is controlled by Wolfgramm, is expected to own and finance vertical development on Lot 12. Vertical development on Lot 12 is expected to be financed with investor equity and bank debt.

THE ADMINISTRATOR

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

The City has selected P3Works, LLC as the Administrator for the District. The City has entered into an agreement with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and is based in Austin, Houston and North Richland Hills, Texas.

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan
- Preparation of assessment rolls for City billing and collection
- Establishing and maintaining a database of all City parcel IDs within the District
- Trust account analysis and reconciliation
- Property owner inquiries
- Determination of Prepayment amounts
- Preparation and review of disclosure notices with Dissemination Agent
- Review of developer draw requests for reimbursement of authorized improvement costs.

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by the Administrator and has been included in reliance upon the authority of such firm as an expert in the field formation and administration of public improvement districts.

APPRAISAL

The Appraisal

General. Integra Realty Resources – Dallas (the “Appraiser”), prepared an appraisal report for the City based upon a physical inspection of the property in the District conducted on July 5, 2024 (the “Appraisal”). The Appraisal was prepared at the request of the City. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX E and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX E — APPRAISAL.”

Value Estimates. The Appraiser estimated the aggregate market value of the fee simple interest in various tracts of land in the District, effective as of July 5, 2024 with respect to Lots 1-5 and as of May 31, 2025 with respect to Lots 6-12. The Appraiser used certain extraordinary assumptions in its valuation, including the extraordinary assumption that the Initial Major Improvements and the Additional Major Improvements are completed as of the effective date thereof and the extraordinary assumption that Lots 6-12, which currently sit in the flood plain have been elevated out of the flood zone as part of the development process. See “THE INITIAL MAJOR IMPROVEMENTS,” “PLAN OF FINANCE” and “THE DEVELOPMENT – Development Plan.” The Appraisal does not reflect the as-is condition of the District as the Initial Major Improvements and the Additional Major Improvements have not yet been constructed and the property in Lots 6-12 has not yet been raised out of the flood plain. See “THE DEVELOPMENT – Flood Plain Designation” and “BONDHOLDERS’ RISKS – 100-Year and 500-Year Flood Plain.” The Appraisal additionally estimated the value of the constructed buildings on Lots 1-5, effective as of May 31, 2025, under the extraordinary assumption that the buildings are complete and stabilized as of such effective date. The Appraisal does not reflect the as-is condition of the buildings on Lots 1-5 as such buildings have not yet been constructed.

The Appraisal sets forth the following values for each Lot and the expected buildings on Lots 1-5 as shown below:

<u>Lot</u>	<u>Estimated Appraised Market Value</u>	<u>Lot Total with Building Value</u>
Lot 1	\$ 1,450,000	\$ 9,780,000
Lot 2	1,280,000	9,350,000
Lot 3	1,440,000	10,410,000
Lot 4	1,390,000	9,450,000
Lot 5	1,270,000	11,980,000
Lot 6	3,050,000	
Lot 7	2,720,000	
Lot 8	2,090,000	
Lot 9	3,080,000	
lot 10	2,890,000	
Lot 11	1,240,000	
Lot 12	16,020,000	
Total Estimated Land Value	<u>\$37,920,000</u>	

<u>Building/Lot</u>	<u>Estimated Appraised Market Value</u>
Building 1 (Lot 1) (Estimated 15,374 sf)	8,330,000
Building 2 (Lot 2) (Estimated 14,880 sf)	8,070,000
Building 3 (Lot 3) (Estimated 16,608 sf)	8,970,000
Building 4 (Lot 4) (Estimated 14,862 sf)	8,060,000
Building 5 (Lot 5) (Estimated 14,684 sf)	10,710,000
Total Estimated Building Value	<u>\$44,140,000</u>

It is noted that building values set forth in the Appraisal for Lots 1-5 are based on as estimated maximum building square footage based on schematics provided for Lots 1-5 and such square footages differ from the projected square footage of vertical retail development on such lots shown under “THE DEVELOPMENT – Expected Vertical Development in the District” and on the CONCEPT PLAN FOR DEVELOPABLE LAND IN THE DISTRICT set forth on page vi hereof. Further, the Appraisal’s analysis predated the execution of the leases and the B&B Letter of Intent described under “THE DEVELOPMENT – Expected Vertical Development in the District” and such leases and letters of intent are not reflected in the Appraiser’s analysis.

The collective value estimate for the assessable land within the District and the expected buildings on Lots 1-5 using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of the respective effective dates for each portion of the Appraisal, is \$82,060,000.

For additional description of the valuation methodologies, extraordinary assumptions and hypothetical conditions underlying the Appraisal, see “APPENDIX E — APPRAISAL.”

None of the City, the Developer nor the Underwriter makes any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective investors should read the complete Appraisal in order to make an informed decision regarding any contemplated purchase of the Bonds. The complete Appraisal is attached hereto as APPENDIX E.

BONDHOLDERS’ RISKS

General

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

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

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

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

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

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so.

Deemed Representations and Acknowledgment by Investors

Each Investor will be deemed to have acknowledged and represented to the City the matters set forth under the heading "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" which include, among others, a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading "BONDHOLDERS' RISKS" and elsewhere herein, and such Investor, either alone or with its purchaser representative(s) (as defined in Rule 501(h) of Regulation D under the Securities Act of 1933), has sophisticated knowledge and experience in financial and business matters and the capacity to evaluate such risks in making an informed investment decision to purchase the Bonds, and the Investor can afford a complete loss of its investment in the Bonds.

Assessment Limitations

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

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a Bond Reserve Account and a Delinquency and Prepayment Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Bond Reserve Account and the Delinquency and Prepayment Reserve Account and delay in payments of debt service on the Bonds. See "BONDHOLDERS' RISKS — Bondholders' Remedies and Bankruptcy" herein.

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

Based upon the language of Texas Local Government Code, §372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment

payments not being accelerated. Texas Local Government Code § 372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

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

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer and the other parcel owners within the District are not eligible to claim homestead rights and the Developer and such additional parcel owners are expected to own all property within the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

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

THE ASSESSMENTS WILL CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND WILL BE A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN THE DISTRICT.

The Assessments to be levied for the payment of the Bonds and the Additional Major Improvement Assessments to be levied for and pledged to the payment of the Additional Major Improvements Reimbursement Obligation have a lien of equal dignity of the parcels assessed therefor. In the event of partial payments of the Annual Installments of the Assessments and the Additional Major Improvement Assessments, the Harris County Tax Assessor/Collector advises that such partial payments will be applied to the payment of the Annual Installments of the Assessments and the Additional Major Improvement Assessments on a pro rata basis unless otherwise directed by the payer of such Annual Installments of the Assessments and the Additional Major Improvement Assessments.

Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption

The Service and Assessment Plan establishes the Maximum Assessment per Unit/square foot for each Lot Type in the District. In the District, the Maximum Assessment per Unit/square foot for the Initial Major Improvement for each Lot Type is as follows:

<u>Lot Type</u>	<u>Maximum Assessment per Unit/Sq. Ft. *</u>
1	\$28.25
2	\$23.49
3	\$10,630.44
4	\$19.81
5	\$31.95

* Preliminary; subject to change.

See “APPENDIX B — Form of Service and Assessment Plan.”

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per lot for any Lot Type exceeding the Maximum Assessment. If the Administrator determines that the resulting Assessment per lot for any Lot Type will exceed the Maximum Assessment, the Service and Assessment Plan provides that the person or entity filing the plat shall make a mandatory prepayment of the Assessments. See “ASSESSMENT PROCEDURES – Assessment Amounts – Maximum Assessment.”

No plat has been filed for lots in the District. In the event that the estimated build out value of lots or parcels in the District falls prior to the filing of a plat for the District, a mandatory prepayment of the Assessments could be triggered at the time of filing of the plat. Any mandatory prepayment of the Assessments related to the exceedance of the Maximum Assessment may trigger an optional redemption of the Bonds by the City. See “DESCRIPTION OF THE BONDS – Redemption Provisions.”

Competition

Development in the Houston area is very competitive, and none of the Developer, the City, the City’s Financial Advisor or the Underwriter can give any assurance that the vertical building programs which are planned will be completed in accordance with the Developer’s expectations. The competitive position of the Developer in the sale of developed commercial or multifamily pad lots or of the end users in the leasing or use of commercial, office or multifamily space or the construction and sale of condominium units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise be able to compete with the Development. A sample competitive project near the Development is below.

<u>Project Name</u>	<u>Type of Development</u>	<u>Proximity to District (Miles)</u>	<u>Developer/Builders</u>
Flyway (Webster, TX)	Mixed use with entertainment, dining, recreation, and sports entertainment venues anchored by Great Wolf Lodge indoor waterpark resort hotel and conference center	4.3	Medistar Corporation/ Webster EDC

Additional competitive projects may be found in the Appraisal. See “APPENDIX E – Appraisal.”

Recent Changes in State Law Regarding Public Improvement Districts; Failure of Developer to Deliver Required Notice Pursuant to Texas Property Code May Affect Absorption Schedule and Provide for Prepayments Causing Partial Redemptions of Bonds

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or any sellers of property within the District do not provide the required notice and prospective purchasers of property within the District terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney’s fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney’s fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be prepaid. In the event of such prepayment, a partial redemption of the Bonds could occur. See “DESCRIPTION OF THE BONDS – Redemption Provisions.” On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further however, if the Developer or any sellers of property within the District do not provide the required notice and become liable for monetary damages, the

anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The form of notice to be provided to purchasers of property in the District is attached to the Service and Assessment Plan and will be attached to each Annual Service Plan Update. See “APPENDIX B — Form of Service and Assessment Plan.”

Risks Related to Current Increase in Costs of Building Materials

There have been substantial increases in the cost of materials, causing many builders and general contractors to experience budget overruns. If the construction costs associated with completing buildings in the District are substantially higher than the estimated costs or if the entities constructing building within the District are unable to access building materials in a timely manner, it may affect the ability of property owners in the District to complete the construction of or pay the Assessments when due. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of the District.

Loss of Tax Exemption

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

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

TIRZ Credit and Marketing of the Development

The TIRZ Revenues are generated only from ad valorem taxes levied and collected by the City on the captured appraised value of property within the District in the TIRZ in any year. Consequently, TIRZ Revenues are generated only if the appraised value of real property in the District in any year is greater than the base value. Any delay or failure of Developer or other property owners to develop the District or construct vertical improvements in the District may result in a reduced amount of the TIRZ Revenue being available to credit the Assessments. TIRZ Revenues generated from the captured appraised value for each Lot or parcel in the District during the development of such Lot or parcel will result in a TIRZ Annual Credit Amount which is not sufficient to achieve the Targeted Ad Valorem Tax Rate Equivalent. The TIRZ Annual Credit Amount is not expected to be sufficient to provide for the Targeted Ad Valorem Tax Rate Equivalent on any parcel or Lot until the second year that full buildout on any on such Lot or parcel is assessed, assuming such parcel or Lot is developed under the assumptions provided by the Developer as described under the heading “THE DEVELOPMENT – Development Plan.” See also “OVERLAPPING TAXES AND DEBT.”

It is uncertain what impact, if any, the TIRZ Credit application will have on the competitiveness of leasing rates of commercial properties in the District.

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Depletion of Reserve Fund

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

Hazardous Substances

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

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

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

The Developer has not requested a Phase I Environmental Site Assessment on the property in the District. See “THE DEVELOPMENT – Environmental” for a summary of the ERS Report commissioned with respect to the District property.

Regulation

Development within the District may be subject to future federal, state and local regulations. Approval may be required from various agencies from time to time in connection with the layout and design of development in the District, the nature and extent of public improvements, land use, zoning and other matters. Failure to meet any such

regulations or obtain any such approvals in a timely manner could delay or adversely affect development in the District and property values.

Bondholders' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and upon the written request of at least 25% the owners of the Bonds and its receipt of indemnity satisfactory to it, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

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

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

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Court reviewed *Wasson Interests, Ltd. v. City of Jacksonville* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to waive immunity when a city performs a proprietary function.

The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the owners of the Bonds may

not be able to bring such a suit against the City for breach of the Bonds or the Indenture covenants. As noted above, the Indenture provides that owners of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Indenture. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

No Acceleration

The Indenture does not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Tax-Exempt Status of the Bonds

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

Bankruptcy Limitation to Bondholders’ Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under Texas law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946. The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

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

remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt.

Management and Ownership

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

General Risks of Real Estate Investment and Development

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in any lot purchase contracts are not met. Contracts that the Developer may have with individual purchasers are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of pad sites, causing the Developer to possibly need to execute a different strategy for the development and sale of pad sites within the Development. As described herein, the Assessments are an imposition against the land only. Neither the Developer nor any other subsequent landowner is a guarantor of the Assessments and the recourse for the failure of the Developer or any other landowner to pay the Assessments is limited to the collection proceedings against the land as described herein.

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

Dependence Upon Developer and Related Entities

The Developer, as the owner of the majority of the parcels in the District, currently has the obligation for payment of approximately 94.388% of the Assessments. See "ASSESSMENT PROCEDURES – Assessment Payer Concentration." It is expected that entities controlled by the Developer, Wolfgramm, or a joint venture between the Developer and Wolfgramm will develop and own the majority of property in the District and, accordingly, payment of the Assessments and the Additional Major Improvement Assessments will be concentrated in entities controlled by the Developer and/or Wolfgramm for the foreseeable future. See "THE DEVELOPMENT – Expected Vertical Development in the District" and "THE DEVELOPER – History and Financing of the District."

The ability of the Developer, Developer related entities, and other current property owners, to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The only assets of the Developer are land within the District, related permits and development rights, and minor operating accounts. The source of funding for future land development activities and infrastructure construction to develop the proposed development in the District consists of proceeds from the Bonds, as well as possible bank financing, investor capital, and equity contributions by the Developer, and proceeds of the Additional Major Improvement Bonds, if such bonds are issued in the future. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

Moreover, the City will pay to the Developer or the Developer's designee costs for a portion of the Initial Major Improvements from proceeds of the Bonds. The Developer will submit payment requests for costs actually incurred in developing and constructing the Initial Major Improvements, and be paid in accordance with the Development Agreement and the Indenture. See "THE INITIAL MAJOR IMPROVEMENTS – General," "THE DEVELOPMENT AGREEMENT" and "THE DEVELOPMENT – Development Plan." There can be no assurances given as to the financial ability of the Developer to complete such improvements.

Neither the Developer nor any other parcel owner in the District will guarantee or otherwise be obligated to pay debt service on the Bonds.

Potential Future Changes in State Law Regarding Public Improvement Districts

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

Use of Appraisal

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

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

Exercise of Third Party Property Rights

As described herein under “THE DEVELOPMENT — Existing Mineral Rights, Easements and Other Third Party Property Rights”, third parties hold title to certain Third Party Property Rights applicable to real property within and around the District, including reservations of mineral rights and royalty interests and easements, pursuant to various instruments in the chain of title for various tracts of land within and around the District.

The Developer does not expect the existence or exercise of such Third Party Property Rights or other third party real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the District, the City’s Financial Advisor, the Underwriter, the Developer or the Administrator provide any assurances as to such Developer expectations.

Availability of Utilities

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

Risk from Weather Events

All of the State, including the City and the District, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, flooding, heavy rains, extreme heat, and freezes, including events similar to the severe winter storm that the continental United States experienced in February 2021, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. The City is located approximately 25 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain, and flooding caused by hurricanes, tropical storms, and other tropical disturbances. It is impossible to predict whether similar events will occur in the future and the impact they may have on the City or the District.

In the event of a hurricane, fire, flood, tornado, earthquake, natural disaster, or other cause severely damaging the improvements in the Development, there can be no assurance that such facilities will be rebuilt. In such case, completion of Initial Major Improvements, Additional Major Improvements, and the overall success of the Development could be adversely affected. There can be no assurance that insurance will be properly maintained with adequate coverage or that insurance proceeds will be sufficient or even available to repair or rebuild properties. Further, any insurance proceeds are not assigned as security for the Bonds. The restoration of properties may be delayed by other factors, or the terms of then-applicable mortgage financing could require the application of insurance proceeds to the reduction of mortgage balances rather than the reconstruction or restoration of damaged facilities. Any of the foregoing circumstances could result in a delay in completion of the Development.

Numerous studies have described changing weather patterns and the potential for increasing extreme weather events. Areas within the Development may be vulnerable to flooding, including stormwater flooding, extreme fluctuations in weather temperature, hurricanes, tornadoes and other damaging winds and other severe weather conditions. The timing, extent or severity of climate change and its impact on the Development cannot be predicted.

100-Year and 500-Year Flood Plain

According to FEMA FIRM No. 48167C0018G revised on August 15, 2019 approximately 87.95 acres of land in the District, which includes Lots 6-12 in the District, is located in special flood hazard areas subject to inundation by a 100-year and 500-year flood. The Initial Major Improvements and Additional Major Improvements will include drainage and detention infrastructure to assist with flood control and flood mitigation, and the Developer is expected to utilize fill dirt to raise the elevation of Lots 6-12 out of flood plain elevations and allow for all buildings on such lots to be constructed above the flood plain. The Developer expects to apply for a LOMR-F (a Letter Of Map Revision Based on Fill), which LOMR-F may be applied for during construction. The Developer expects the process to receive a LOMR-F to take approximately 6 months. Subsequent to the LOMR-F, the Developer expects to apply for a formal LOMR to allow for removal of Lots 6-12 from special flood hazard areas subject to inundation by a 100-

year and 500-year flood. The Developer expects that such process will take approximately 1-2 years. No assurance can be given as to if or when FEMA will approve a LOMR-F or a LOMR. Irrespective of whether FEMA approves a LOMR-F or LOMR, the Developer indicates flood insurance is and will continue to be required by any lender for all properties in the District.

FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer make any representation as to whether FEMA may revise its Flood Insurance Rate Maps in the future, or whether extreme flooding events may occur more often than assumed in FEMA's Flood Insurance Rate Maps, including whether properties in the District which have been raised out of flood plain elevations as described above may be subject to such flooding events.

It is further noted that a portion of the District is located in a regulatory floodway. Such property is expected to be used as open space. See "THE DEVELOPMENT – Flood Plain Designation." No assurance can be given as to what effect, if any, the existence of a regulatory floodway in the District will have on the development or value of the property in the District.

Judicial Foreclosures

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

No Credit Rating

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

Limited Secondary Market for the Bonds

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

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TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not a specific preference item for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the “Service”). The City has covenanted in the Indenture that it will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the City and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the City and such parties, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Indenture or if such representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel’s ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section

56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium. If the issue price of a maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount. If the issue price of a maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Limited Offering Memorandum.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Limited Offering Memorandum. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such OID Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes. Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax counsel.

LEGAL MATTERS

Legal Proceedings

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

Bracewell LLP serves as Bond Counsel to the City. Locke Lord LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

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

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation — The City

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

Litigation — The Developer

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its members or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”).

SUITABILITY FOR INVESTMENT

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

to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

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

NO RATING

No application for a rating on the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

CONTINUING DISCLOSURE

The City

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

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

The City’s Compliance with Prior Undertakings

During the last five years, the City has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

The Developer

The Developer, the Administrator, and the Dissemination Agent expects to enter into a Continuing Disclosure Agreement (the “Developer Disclosure Agreement”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Developer Disclosure Agreement, certain information regarding the Development and the Initial Major Improvements (collectively, the “Developer

Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX D-2 — Form of Developer Disclosure Agreement.” Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Developer Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Developer Disclosure Agreement would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Developer Disclosure Agreement is a voluntary agreement made for the benefit of the holders of the Bonds and is not entered into pursuant to the Rule.

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

The Developer’s Compliance with Prior Undertakings

The Developer has not entered into any previous undertakings to provide continuing disclosure.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$_____ (the par amount of the Bonds, less an underwriting discount of \$_____, which includes Underwriter’s Counsel’s fee of \$_____). The Underwriter’s obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

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

INVESTMENTS

The City invests its funds in investments authorized by Texas law in accordance with investment policies approved by the City Council. Both Texas law and the City's investment policies are subject to change.

Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) certificates of deposit and share certificates (i) issued by or through an institution that either has its main office or a branch office in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash

invested in obligations described in clauses (1) through (6) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and comply with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset and fund type invested at the beginning and end of the reporting period by the type of asset and fund type invested, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers’ with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City’s entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (6) provide specific investment training for the officers of the City; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

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

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

Additional information about the Trustee may be found at its website at www.wilmingtontrust.com. Neither the information on the Trustee’s website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Initial Major Improvements, the Development and the Developer generally and, in particular, the information included in the sections captioned "THE INITIAL MAJOR IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Initial Major Improvements, the Additional Major Improvements and the Development), "LEGAL MATTERS — Litigation — The Developer," "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by the Administrator and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by the Appraiser, and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property.

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

In the Bond Ordinance, the City Council is expected to approve the form and content of this preliminary Limited Offering Memorandum and authorize and ratify the use of this preliminary Limited Offering Memorandum by the Underwriter in connection with the marketing and sale of the Bonds, and approve the form and content of the final Limited Offering Memorandum.

APPENDIX A
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF FRIENDSWOOD, TEXAS

and

Wilmington Trust, National Association

as Trustee

DATED AS OF NOVEMBER 1, 2024

SECURING

CITY OF FRIENDSWOOD, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR
IMPROVEMENTS PROJECT)

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INDENTURE OF TRUST

This Indenture of Trust, dated as of November 1, 2024 is by and between the City of Friendswood, Texas (the “City”), and Wilmington Trust, National Association, a national banking association, as trustee (together with its successors, the “Trustee”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article 1.

WHEREAS a petition (the "Petition") was submitted and filed with the City Secretary requesting the establishment of a public improvement district pursuant to Chapter 372, Texas Local Government Code, as amended, (the “PID Act”) to be known as the Friendswood City Center Public Improvement District (the "District" or “PID”); and

WHEREAS the Petition was submitted by the record owners of taxable real property representing more than fifty percent (“50%”) of the appraised value of the taxable real property liable for assessment (as determined by the most recent certified appraisal roll for Harris County) in the proposed PID and the record owners of taxable real property that constitute more than 50% of all of the area of all taxable real property that is liable for assessment in the proposed PID; and

WHEREAS, on November 6, 2023, the City Council of the City (the “City Council”) accepted the Petition and called a public hearing for December 4, 2023, on the creation of the District and the advisability of the improvements; and

WHEREAS, on January 9, 2024, the City Secretary of the City filed a copy of Resolution No. R2024-01 with the county clerk of each county in which all or a part of the District is located in accordance with the PID Act; and

WHEREAS, after publication and mailing of notice of a public hearing on the creation of the District and after conducting the public hearing on December 4, 2023, the City Council approved the creation of the District on January 8, 2024, by Resolution No. 2024-01; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, adopted a resolution accepting preliminary assessment roll of the District and directing that the City Secretary make the same available for inspection, and directing City staff that notice be mailed to the property owners in the District and published in a newspaper of general circulation within the City; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a November 4, 2024 public hearing (the “Assessment Hearing”) in a newspaper of general circulation in the City, to consider the proposed Initial Major Improvement Assessment Roll for the Initial Major Improvements and the Service and Assessment Plan and the levy of the Initial Major Improvement Assessments on property within the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the Assessment Hearing to consider the proposed Initial Major Improvement Assessment Roll and the Service and Assessment Plan and the levy of Initial Major Improvement Assessments on property in the District to the last known address of the owners of the property liable for the Initial Major Improvement Assessments; and

WHEREAS, the City Council convened the Assessment Hearing on November 4, 2024 and at such public hearing all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Initial Major Improvement Assessment Roll and the Initial Major Improvement Assessments, and to offer testimony pertinent to any issue presented on the amount of the Initial Major Improvement Assessments, the allocation of the costs of the Initial Major Improvements (defined herein), the purposes of the Initial Major Improvement Assessments, the special benefits of the Initial Major Improvement Assessments, and the penalties and interest on Initial Major Improvement Annual Installments and on delinquent Initial Major Improvement Annual Installments of the Initial Major Improvement Assessments; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Initial Major Improvement Costs, the Initial Major Improvements Assessment Roll, and the levy of the Initial Major Improvement Assessments; and

WHEREAS, on November 4, 2024, the City Council closed the Assessment Hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance and therein approved the Initial Major Improvements Assessment Roll and levied the Initial Major Improvement Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Initial Major Improvement Assessments for the purpose of (i) paying or reimbursing a portion of the costs of the Initial Major Improvement Costs, (ii) funding a reserve fund for payment of principal and interest on the revenue bonds, (iii) funding a portion of the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying a portion of the costs incidental to the organization of the District, and (vi) paying costs of issuance; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the “Bonds”), such Bonds being payable solely from the Pledged Revenues (defined herein) and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, the Trustee has agreed to accept the trusts herein created upon the terms set forth in this Indenture;

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys,

rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

FIRST GRANTING CLAUSE

The Pledged Revenues and all moneys and investments held in the Pledged Funds and Accounts including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and,

SECOND GRANTING CLAUSE

Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security hereunder by the City or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors or assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, that if and to the extent Initial Major Improvement Assessments have been prepaid, the lien on real property associated with such Initial Major Improvement Assessment prepayment shall be released from the Trust Estate and shall no longer constitute a part of the Trust Estate;

PROVIDED, FURTHER, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on all the Bonds at the times and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect;

IN ADDITION, the Bonds are special obligations of the City payable solely from the Trust Estate, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge against the general credit or taxing powers of the City and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners of the Bonds shall never have the right to demand payment thereof out of any funds of the City other than the Trust Estate. The City shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Pledged Revenues.

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the

Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE 1

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1 Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Indenture, the following terms shall have the meanings specified below:

“Account” means any of the accounts established pursuant to Section 5.1 of this Indenture.

“Actual Costs” shall have the meaning assigned to it in the Service and Assessment Plan.

“Additional Interest” means the 0.50% additional interest, if charged and collected pursuant to this Indenture on the Initial Major Improvement Assessments pursuant to Section 372.018 of the PID Act and described in Section VI of the Service and Assessment Plan.

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Initial Major Improvement Assessments securing the Bonds, levied against property within the District in accordance with the PID Act.

“Administrative Fund” means that Fund established by Section 6.1 and administered pursuant to Section 6.10 hereof.

“Administrator” means an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with

respect to Initial Major Improvement Assessments and Initial Major Improvement Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming Bonds; (7) investing or depositing Initial Major Improvement Assessments and Initial Major Improvement Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrars and Trustee in connection with the Bonds, including their respective legal counsel.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

"Annual Service Plan Update" means an update to the Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

"Applicable Laws" means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State of Texas or of the United States, by which the City and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

"Assessed Property" means any Parcel within the District against which an Initial Major Improvement Assessment is levied.

"Assessment Hearing" has the meaning set forth in the recitals.

"Assessment Ordinance" means that certain ordinance adopted by the City Council on November 4, 2024, that levied the Initial Major Improvement Assessments on each Assessed Property.

"Authorized Denomination" means \$100,000 and any integral multiple of \$1,000 in excess of \$100,000, or a smaller denomination, if any, resulting from a partial redemption of Bonds as determined in accordance with Section 4.5 hereof or as a result of any partial defeasance of the Bonds.

"Authorized Improvements" means the improvements authorized by Section 372.003 of the PID Act, including Initial Major Improvements, First Year Annual Collection Costs, and Bond Issuance Costs, as described in Section III, of the Service and Assessment Plan and as shown on Exhibit B-1 of the Service and Assessment Plan.

"Bonds" means the City of Friendswood, Texas Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvement Project) issued by the City pursuant to this Indenture and payable from and secured in whole or in part by the Initial Major Improvement Assessments including any Refunding Bonds and any Bonds issued in exchange or replacement thereof as permitted by this Indenture.

"Bond Counsel" means Bracewell LLP or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and federal income tax status of securities issued by public entities.

“Bond Fund” means the Fund by such name established pursuant to Section 6.1 and administered as provided in Section 6.4.

“Bond Issuance Costs” means the costs associated with issuing Bonds, including but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the Bonds.

“Bond Reserve Account” means the Account by such name established within the Reserve Fund pursuant to Section 6.1 and administered as provided in Section 6.7.

“Bond Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the stated principal amount of the Bonds as of the Closing Date; provided, however that subsequent to the Closing Date of the Bonds, such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 6.7(c), (b) a mandatory sinking fund redemption pursuant to the terms of this Indenture, (c) an optional redemption pursuant to the terms of this Indenture or (d) an extraordinary optional redemption pursuant to the terms of a this Indenture

“Bond Year” means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.

“Business Day” means any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the City or the Trustee, or any national holiday observed by the Trustee.

“Certificate for Payment” means a certificate substantially in the form of Exhibit B attached hereto approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed with respect to the Initial Major Improvements and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 6.5 herein.

“City Certificate” means a certificate or written instructions signed by the City Representative and delivered to the Trustee.

“City Representative” means any official or agent of the City authorized by the City Council to undertake the action referenced herein. As of the date hereof, the Director of Finance, the City Manager, and/or their designees are the authorized City Representatives.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit C attached hereto, approved by the Developer and the City Representative, delivered to the Trustee specifying the amounts to be paid on the Closing Date for the costs of establishing the District, as further described in Section 6.5 herein.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Costs of Issuance Account” means the Account by such name established within the Project Fund pursuant to Section 6.1.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

“Delinquency and Prepayment Reserve Account” means the reserve account established in accordance with Section 6.1 and administered as provided in Section 6.8.

“Delinquency and Prepayment Reserve Requirement” means an amount equal to 2.5% of the principal amount of the Outstanding Bonds which may be funded from Bond proceeds and revenues received from the payment of Additional Interest deposited to the Pledged Revenue Fund pursuant to this Indenture.

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Property and the costs of collection of a delinquent Initial Major Improvement Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

“Delinquent Penalties and Interest” means any delinquent interest and delinquent penalty interest collected on a delinquent Initial Major Improvement Assessment.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in Dallas, Texas, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“Developer” means Madison Development Corp., LLC, a Texas limited liability company, and its respective successors and assigns.

“Development Agreement” means the Friendswood City Center Development Agreement, between the City and the Developer relating to the Bonds, effective as of January 8, 2024, as amended from time to time.

“District” means the Friendswood City Center Public Improvement District.

“DTC” shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” shall mean brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“First Year Annual Collection Costs” means the Annual Collection Costs associated with the first year of the District.

“Foreclosure Proceeds” means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Initial Major Improvement Assessments against any Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Fund” means any of the funds established pursuant to Section 6.1 of this Indenture.

“Indenture” means this Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more indentures supplemental hereto and entered into pursuant to the applicable provisions hereof.

“Independent Financial Consultant” means any consultant or firm of such consultants appointed by the City who, or each of whom: (i) is judged by the City, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Initial Bond” means the Initial Bond as set forth in Exhibit A attached hereto.

“Initial Major Improvements” means those certain Authorized Improvements, the costs of which are allocated to the Initial Major Improvements Assessments, as described in Section III.A of the Service and Assessment Plan and shown on Exhibit B-1 of the Service and Assessment Plan.

“Initial Major Improvement Account” means the Account by such name established within the Project Fund pursuant to Section 6.1.

“Initial Major Improvement Annual Installment” means the annual installment of the Initial Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if charged and collected pursuant to the Indenture and the Service and Assessment Plan, and; (4) the pro rata portion of the Annual Collection Costs based on the outstanding Initial Major Improvement Assessments as shown on Exhibit G-1 of the Service and Assessment Plan.

“Initial Major Improvement Assessments” means an assessment levied against the Assessed Property for the Initial Major Improvements and imposed pursuant to the Assessment Ordinance and the provisions hereof, as shown in the Initial Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in Section VI of the Service and Assessment Plan and the PID Act, which Initial Major Improvement Assessments secure the Bonds.

“Initial Major Improvement Assessment Roll” means the assessment roll for the Assessed Property of the Initial Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act. The Initial Major Improvements Assessment Roll is included as Exhibit G-1 to the Service and Assessment Plan.

“Initial Major Improvement Costs” means Actual Costs of the Initial Major Improvements as set forth in the Service and Assessment Plan.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being March 15 and September 15 of each year, commencing March 15, 2025.

“Investment Securities” means those authorized investments described in the City’s official investment policy as approved by the City Council from time to time, and eligible for the investment of public funds by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

“Maximum Annual Debt Service” means the largest amount of Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“Outstanding” means, as of any particular date when used with reference to the Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article 4, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

“Owner” means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 herein.

“Parcel” has the meaning given such term in the Service and Assessment Plan.

“Paying Agent/Registrar” means initially the Trustee, or any successor thereto as provided in this Indenture.

“Person” or “Persons” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

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

“Pledged Funds and Accounts” means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund, and the Redemption Fund.

“Pledged Revenue Fund” means the Fund by such name established pursuant to Section 6.1 and administered pursuant to Section 6.3 hereof.

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

“Prepayment” means the payment of all or a portion of an Initial Major Improvement Assessment before the due date thereof.

“Principal and Interest Account” means the Account by such name established within the Bond Fund established pursuant to Section 6.1.

“Project Fund” means that Fund by such name established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

“Purchaser” means the initial purchaser of the Bonds.

“Rebate Fund” means that Fund by such name established pursuant to Section 6.1 and administered pursuant to Section 6.9 herein.

“Record Date” means the close of business on the last calendar day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

“Redemption Fund” means that Fund by such name established in Section 6.1 and administered pursuant to Section 6.6 of this Indenture.

“Redemption Price” means, when used with respect to any Bonds or portion thereof, the principal amount of such Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bonds to the date fixed for redemption payable upon redemption.

“Refunding Bonds” means Bonds security by a parity lien, with the Outstanding Bonds, on the Trust Estate, as more specifically described in the applicable indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

“Register” means the register specified in Article 3 of this Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Service and Assessment Plan” means the document, including the Initial Major Improvement Assessment Roll, which is attached as Exhibit A to the Assessment Ordinance, as may be updated, amended, and supplemented from time to time.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the principal of the Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

“Stated Maturity” means the date the Bonds, or any portion of the Bonds, as applicable are scheduled to mature without regard to any redemption or prepayment.

“Supplemental Indenture” means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

“Tax Certificate” means the Federal Tax Certificate delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date relating to the tax-exempt status of the Bonds.

“Trustee” means Wilmington Trust, National Association, a national banking association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article 8 hereof, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

“Trust Estate” means the Trust Estate described in the granting clauses of this Indenture.

Section 1.2 Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Indenture are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.3 Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4 Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

(c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

ARTICLE 2

THE BONDS

Section 2.1 Security for the Bonds.

The Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

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

Section 2.2 Limited Obligations.

The Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds and Accounts; and the Bonds and any other obligations incurred by the City under the terms of this Indenture shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City.

Section 2.3 Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by the Bond Ordinance. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4 Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the City with the Owners, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

ARTICLE 3

AUTHORIZATION; GENERAL TERMS AND
PROVISIONS REGARDING THE BONDS

Section 3.1 Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$ _____ for the purpose of (i) paying or reimbursing a portion of the Initial Major Improvement Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) funding the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying the costs of the organization and administration of the District, and (vi) paying the costs of issuance of the Bonds.

Section 3.2 Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated November 1, 2024 (the “Bond Date”) and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing March 15, 2025 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Year</u>	<u>Term Bonds</u>	<u>Interest Rate</u>
<u>(9-15)</u>	<u>Principal Amount</u>	
20__		
20__		

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Exhibit A to this Indenture.

Section 3.3 Conditions Precedent to Delivery of Bonds.

The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (a) a copy of the executed Assessment Ordinance;
- (b) a copy of the executed Bond Ordinance;
- (c) a copy of this Indenture executed by the Trustee and the City;
- (d) an executed General Certificate;
- (e) an executed opinion of Bond Counsel; and
- (f) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4 Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each

Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5 Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor and City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein (the "Certificate of Trustee" included in the Form of Bond attached hereto as Exhibit A), duly authenticated by manual

execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein (the "Comptroller's Registration Certificate"), included in the Form of Bond attached hereto as Exhibit A, manually executed by the Comptroller of Public Accounts of the State of Texas, or by her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6 Ownership.

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.7 Registration, Transfer and Exchange.

(a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds as is acceptable to the Paying Agent/Registrar, in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will maintain a copy of the Register and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.8 Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

Section 3.9 Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's written request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any Authorized Denominations, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and

other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10 Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of written notice that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(1) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(2) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;

(3) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(4) satisfies any other reasonable requirements imposed by the City and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of

any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11 Book-Entry Only System.

(a) The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the City to DTC. On the Closing Date the definitive Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the

registered owner at the close of business on the relevant Record Date, the word “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

Section 3.12 Successor Securities Depository: Transfer Outside Book-Entry-Only System.

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13 Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the City to DTC.

ARTICLE 4

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1 Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article 4.

Section 4.2 Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ _____ Term Bonds maturing September 15, 20__

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

*maturity

\$ _____ Term Bonds maturing September 15, 20__

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

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after September 15, 20__ in whole or any part, before their respective scheduled maturity dates, on September 15, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, at a

Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed either in writing or by delivery of an ordinance or resolution by the City calling Bonds for redemption.

Section 4.4 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Section 6.5(e), 6.5(f), 6.5(h) and section 6.3. The City's written direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement.

(b) Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Section 4.5 Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

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

(c) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.6 Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.7 Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8 Effect of Redemption.

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by, Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal of and interest on such Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE 5

FORM OF THE BONDS

Section 5.1 Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to appear on the Initial Bond, and the Certificate of the Trustee and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 5.2 CUSIP Registration.

The City may secure identification numbers through CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of the foregoing shall be void

and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3 Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

ARTICLE 6

FUNDS AND ACCOUNTS

Section 6.1 Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Indenture:

- (1) Pledged Revenue Fund;
- (2) Bond Fund;
- (3) Project Fund;
- (4) Reserve Fund;
- (5) Redemption Fund;
- (6) Rebate Fund; and
- (7) Administrative Fund.

(b) Creation of Accounts.

- (1) The following Account is hereby created within the Pledged Revenue Fund:

 (A) Bond Pledged Revenue Account

- (2) The following Accounts are hereby created and established within the Bond Fund:

 (A) Principal and Interest Account; and

 (B) Capitalized Interest Account.

(3) The following Accounts are hereby created and established within the Project Fund:

- (A) Initial Major Improvement Account; and
- (B) Costs of Issuance Account.

(4) The following Accounts are hereby created and established within the Reserve Fund:

- (A) Bond Reserve Account; and
- (B) Delinquency and Prepayment Reserve Account.

(c) Each Fund and Account created within such Fund shall be only established as needed and maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds and Accounts shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

(d) Interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2 Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (1) to the Bond Reserve Account: \$_____.
- (2) to the Costs of Issuance Account: \$_____.
- (3) to the Administrative Fund: \$_____.
- (4) to the Delinquency and Prepayment Reserve Account \$_____.
- (5) to the Capitalized Interest Account \$_____.
- (6) to the Initial Major Improvement Account: \$_____.

Section 6.3 Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2027 (or the first February 1 when such Pledged Revenues are available), the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to Section

6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(e), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(1) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund amounts sufficient to pay debt service on the Bonds coming due on each Interest Payment Date in the current Bond Year.

(2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 6.7(a) and Section 6.7(e),

(3) third, pursuant to Section 6.8 herein, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account in an amount sufficient to allow the funds on deposit therein to equal to the Delinquency and Prepayment Reserve Requirement, and

(4) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

(b) Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (3) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in Article 4.

(c) The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to Section 6.3(f) as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Annual Installment collected as Additional Interest shall be deposited pursuant only to (3) above.

(d) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account of the Pledged Revenue Fund and transfer to the Principal and Interest Account, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

(e) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

(f) Notwithstanding Section 6.3(a) above:

(1) When and if collected, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 6.3(a) above and as otherwise directed by Section 6.8(a) hereof.

(2) the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund; and

(3) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

(g) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Initial Major Improvement Assessments for any lawful purposes permitted by the PID Act for which Initial Major Improvement Assessments may be paid.

(h) Initial Major Improvement Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(i) Any Initial Major Improvement Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Initial Major Improvement Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Section 6.4 Bond Fund.

(a) No later than on each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following dates and in the following amounts:

<u>Date</u>	<u>Amount</u>
March 15, 2025	
September 15, 2025	
March 15, 2026	
September 15, 2026	

(d) Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred shall be transferred, at the direction of the City, to (i) the Initial Major Improvement Account of the Project Fund, or (ii) to the Redemption Fund to be used to redeem Bonds, and the Capitalized Interest Account shall be closed.

Section 6.5 Project Fund.

(a) Money on deposit in the Initial Major Improvement Account, and Costs of Issuance Account shall be used for the purposes specified in Section 3.1 hereof.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds.

(c) Except as otherwise provided herein, money on deposit in the Initial Major Improvement Account, of the Project Fund shall be used solely to pay the costs of the Initial Major Improvements. Upon receipt of a reviewed and approved Certificate for Payment for any Initial Major Improvement Costs, the Trustee shall make payment for the costs set forth therein, from the Initial Major Improvement Account of the Project Fund. Except as provided in Sections 6.5(d), 6.5(f), and 6.5(g), money on deposit in the Initial Major Improvement Account shall be used solely to pay the Initial Major Improvement Costs as set forth in the applicable Certificate for Payment.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Initial Major Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Initial Major Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Initial Major Improvement Account will ever be expended for the purposes thereof, the City

Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Initial Major Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Initial Major Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture and the Initial Major Improvement Account shall be closed.

(e) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

(f) Upon the filing of a City Certificate stating that all Initial Major Improvements have been completed and that all Initial Major Improvement Costs have been paid, or that any such costs are not required to be paid from the Initial Major Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Initial Major Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee and shall close the Initial Major Improvement Account of the Project Fund.

(g) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account may be transferred, at the City's discretion, to (1) the Bond Fund and used to pay interest on the Bonds, or (2) to the Initial Major Improvement Account of the Project Fund and used to pay Initial Major Improvement Costs, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed

Section 6.6 Redemption Fund.

(a) Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article 4.

(b) The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds, an amount sufficient to redeem Bonds as provided in Section 4.4 on the dates specified for redemption as provided in Section 4.4. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(c) The Trustee shall cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to Section 6.7, an amount sufficient to redeem Bonds as provided in Sections 4.2, 4.3 and 4.4 at the written direction of the City.

Section 6.7 Bond Reserve Account.

(a) The Bond Reserve Account Requirement will be funded with proceeds of the Bonds at closing. The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Bond Reserve Account of the Reserve Fund

shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

(b) Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

(c) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund (in compliance with Section 6.13(d) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

(d) [reserved].

(e) If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, in accordance with Section 6.3, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

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

(g) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

(h) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be a proportional amount equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment

toward payment of accrued interest on the Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(i) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund, Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

(j) The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of 6.7(c) and subsequently used for the payment of operating costs directly relating to the Initial Major Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

Section 6.8 Delinquency and Prepayment Reserve Account.

(a) The Delinquency and Prepayment Reserve Account shall be funded initially from proceeds of the Bonds in the amount of the Delinquency and Prepayment Reserve Requirement. When, at the written request of the City Representative on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account is less than the Delinquency and Prepayment Reserve Requirement, Additional Interest shall be collected and deposited to the Delinquency and Prepayment Reserve Account pursuant to Section 6.3 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with Section 6.7(j) herein), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.3. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with

written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this Section.

(b) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to Section 4.4.

Section 6.9 Rebate Fund.

(a) Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and is not security for the Bonds.

(b) In order to assure that the amount required to be rebated to the federal government is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made as directed by the City in a written direction and in accordance with the Code and Tax Certificate. The Trustee may conclusively rely on such written instructions as set forth in this section and shall not be responsible for any loss or liability resulting from the investment of funds hereunder.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 8.6 and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section and Section 8.6 in the absence of written instructions from the City.

(d) If, after the payment to the federal government of any amounts required to be paid in compliance with section 8.6, the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Bond Fund.

Section 6.10 Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Initial Major Improvement Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to this section.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and is not security for the Bonds.

(c) In accordance with Section 10.6 hereof, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

Section 6.11 Investment of Funds.

(a) Money in any Fund established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times set forth in this Indenture. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment if authorized by the City Representative in writing. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments, shall have no discretion for investment of funds or advising any parties on investing funds, and may conclusively rely on the City's written instructions as to the directed investments. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. Upon the City's election, such statements will be delivered via the Trustee's online service and, upon electing such service, paper statements will be provided only upon request. The Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement need be furnished if no activity occurred during such month.

(f) The Trustee may conclusively rely on City Certificates pursuant to Section 6.11(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 6.12 Investment Income.

(a) Interest and income derived from investment of the Project Fund shall be deposited to the credit of the Principal and Interest Account.

(b) Interest and income derived from investment of the Bond Fund shall be credited to the Principal and Interest Account.

(c) Interest and income derived from investment of the Bond Reserve Account and Delinquency and Prepayment Reserve Account shall be credited to such Accounts.

Section 6.13 Security of Funds.

All Funds heretofore created or reaffirmed, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE 7

COVENANTS

Section 7.1 Confirmation of Initial Major Improvement Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Initial Major Improvement Assessments against each Assessed Property from which the Pledged Revenues will be collected and received.

Section 7.2 Collection and Enforcement of Initial Major Improvement Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Initial Major Improvement Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Initial Major Improvement Assessments.

(b) The City will determine or cause to be determined, no later than April 1 of each year, whether or not any Initial Major Improvement Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Initial Major Improvement Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Initial Major Improvement Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Initial Major Improvement Assessment or the corresponding Assessed Property.

Section 7.3 Against Encumbrances.

(a) Other than bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Section 7.4 Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or Outstanding Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay Initial Major Improvement Costs remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Initial Major Improvement Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

ARTICLE 8

FEDERAL INCOME TAX MATTERS

Section 8.1 General.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Tax Certificate.

Section 8.2 No Private Activity Bonds.

The City covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be “private activity bonds” unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Initial Major Improvement Assessments will meet the requirements for the “tax assessment loan exception” within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Initial Major Improvement Assessments continue to meet such requirements until final payment of the Bonds.

Section 8.3 No Federal Guarantee.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 8.4 No Hedge Bonds.

The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause an issue of Bonds to be “hedge bonds” within the meaning of Section 149(g) of the Code.

Section 8.5 No-Arbitrage Bonds.

The City covenants that it will make use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that such issue will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 8.6 Required Rebate.

The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds the Bonds, be rebated to the United States.

Section 8.7 Information Reporting.

The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

Section 8.8 Record Retention.

The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 8.9 Registration.

The Bonds will be issued in registered form.

Section 8.10 Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received an opinion of Bond Counsel that noncompliance with such covenant will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 8.11 Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest the Bonds from gross income for federal income tax purposes.

ARTICLE 9

LIABILITY OF CITY

The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved by the City in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “Bond Documents”), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City’s failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from Pledged Revenues. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

ARTICLE 10

THE TRUSTEE

Section 10.1 Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Paying Agent/Registrar for and with respect to the Bonds.

Section 10.2 Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, to spend its own funds, institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, unless and until it shall be indemnified pursuant to a written instrument by the Owners of the Bonds to its satisfaction, in its sole and absolute discretion, against any and all costs and expenses, liabilities, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own gross negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. To the extent permitted by law, the Owners agree to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense except to the extent such losses, liabilities or expenses that are finally adjudicated by a court of competent jurisdiction to have been directly caused by the Trustee's gross negligence or willful misconduct, arising out of or in connection with the acceptance or administration of this Indenture or the Trust Estate, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its rights or duties hereunder.

Section 10.3 Responsibilities of the Trustee.

The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

(a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(1) the Trustee undertakes to perform only those duties and obligations which are set forth specifically and expressly in this Indenture, and no duties or obligations shall be implied to the Trustee, these duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice pursuant to subparagraph (i) below), the Trustee shall, subject to the rights and limitations of liabilities contained herein, exercise those rights and powers vested in it by this Indenture and shall, subject to the rights and limitations of liabilities contained herein, use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(1) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(2) of this Section;

(2) the Trustee shall not be liable for any action taken or error of judgment made in good faith by any one of its officers employees or agents, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the controlling Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(5) This subparagraph shall not be construed to affect Trustee's immunities and protections from liability and its right to indemnification as otherwise provided for in this Indenture.

Whether or not therein expressly so provided, every provision of this Indenture or any other Bond Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 10.

(d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code, or (v) to undertake any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Indenture.

(e) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be responsible or liable for incidental, indirect, punitive, special or consequential losses or damages in connection with or arising from this Indenture for the existence, furnishing or use of the Initial Major Improvements irrespective of whether the Trustee has been advised of the likelihood of such losses or damages and regardless of the form of action.

(g) The Trustee shall have no responsibility or liability for any action taken, or errors in judgment made in good faith by it or any of its officers, agents or employees unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts. The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, and shall not be responsible for any misconduct or negligence on the part of any attorney, agent, receiver or employee appointed with due care unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts and shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder

(h) Reserved.

(i) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

(1) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture,

(2) any instrument or document of further assurance or collateral assignment,

(3) the filing, execution, delivery, recording or authorization of any financing statements, amendments thereto or continuation statements,

(4) insurance of the Initial Major Improvements or collection of insurance money,

(5) the validity of the execution by the City of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or

(6) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(j) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder.

(k) The Trustee may request, conclusively rely on and shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the written direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(l) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 12.1(1), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Bonds referring to this Indenture, describing such Event of Default and stating that such notice is a "notice of default". In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(m) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(n) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(o) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute Annual Collection Costs in bankruptcy.

(p) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation for trustee and paying agent/registrar services shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(q) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(r) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(s) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and, with respect to such permissive rights, the Trustee shall not be answerable for other than its negligence or willful misconduct.

(t) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Initial Major Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Initial Major Improvements or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

(u) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the City, or any of its directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all other persons or entities of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other party.

(v) In the event that any of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such assets, the Trustee is hereby expressly authorized, to respond or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(w) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly,

by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority that prohibits the required actions of the Trustee pursuant to this Indenture; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage of computer systems by outside actors; new epidemics not in effect on the date of this Indenture; riots; loss or malfunctions of utilities, computer (hardware or software) communications service, or interruptions or accidents that are not caused by the Trustee's actions or inactions, including failure to maintain or upgrade equipment or software; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility on the date a transfer of funds is required.

Section 10.4 Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 10.5 Trustee Protected in Relying on Certain Documents.

The Trustee may, at the expense of the Owners, request, conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, instrument, report, direction, order, judgment, notice, opinion, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant to be qualified in relation to the subject matter or selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of, and the Trustee shall not be liable for, any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 10.13 herein.

Section 10.6 Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by a specific agreement, if any, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the Trustee shall transfer from the Administrative Fund the amount set forth thereon. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from lawfully available funds under the Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

In the event that the Trustee renders any service not contemplated in this Indenture, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Indenture or the subject matter hereof, then the Trustee shall be compensated for such extraordinary services and any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees, costs and expenses, occasioned by any such delay, controversy, litigation or event; provided that all such payments to the Trustee shall be only from funds available in the Administrative Fund.

Section 10.7 Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Bonds.

Section 10.8 Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than thirty (30) days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the earlier of the appointment of a successor as provided in Section 9.10 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 9.10 hereof and the acceptance of such appointment by such successor.

Section 10.9 Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days' prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Bonds.

Section 10.10 Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor trustee, with notification thereof being given to the predecessor Trustee and the City.

Until such successor trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith (and in no event in excess of thirty (30) days after such vacancy occurs) appoint a trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within thirty (30) days after such appointment. Any appointment of a successor trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the requisite Owners of Bonds.

If in a proper case no appointment of a successor trustee shall be made within thirty (30) days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8

herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

Any successor trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds, and each of the Owners of the Bonds.

Section 10.11 Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 10.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance (without representation or warranty, express, implied or statutory) and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the receipt of payment of any outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 10.12 Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, and will have and succeed to the rights, powers, duties, immunities and privileges as predecessor, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking

association qualified to be a successor to such Trustee under the provisions of Section 10.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 10.13 Trustee to File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, at the City's expense, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. The Trustee shall only be responsible for making such filings upon written direction from the City. The Trustee shall have no responsibility to file financing statements or continuation statements other than to file continuation statements that are delivered to it.

Section 10.14 Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in aggregate outstanding principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 10.15 Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

ARTICLE 11

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 11.1 Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at a majority of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Pledged Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds

(except as otherwise permitted by Applicable Laws or this Indenture), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its prior written consent.

This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;

(2) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(3) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds; and

(4) to make such additions, deletions or modifications as may be necessary or desirable to assure of the excludability of interest on the Bonds for federal income tax purposes.

Section 11.2 Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 11.3 Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 11.1 herein, to take effect when and as provided in this Section. The City shall provide written direction to the Trustee to provide a copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, be mailed by the Trustee first class mail to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such

subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 11.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period.

Section 11.4 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 10, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.5 Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article 11 shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Designated Payment/Transfer Office of the Trustee, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 11.6 Amendatory Endorsement of Bonds.

The provisions of this Article 11 shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 11.7 Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture and any Applicable Laws. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

ARTICLE 12

DEFAULT AND REMEDIES

Section 12.1 Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

- (1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (2) The failure of the City to enforce the collection of the Initial Major Improvement Assessments including the prosecution of foreclosure proceedings;
- (3) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (4) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

Section 12.2 Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 12.1, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

(b) THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

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

(d) Whenever moneys are to be applied pursuant to this Article 12, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Section 12.3 Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 9.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted

and maintained in the manner provided herein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article 9, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 12.4 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 12.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 12.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 12.1, the available funds shall be allocated to the Bonds that are Outstanding in

proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 12.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 12.5 Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 12.6 Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(1) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(2) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 12.7 Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under

the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 12.8 No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 12.9 Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 12.10 Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

ARTICLE 13

GENERAL COVENANTS AND REPRESENTATIONS

Section 13.1 Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Pledged Revenues in the manner and to the extent provided in this Indenture, and that the Pledged Revenues are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Initial Major Improvement Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, notice of the Initial Major Improvement Annual Installments shall be sent by, or on behalf of the City and to the extent reasonably practical, to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Initial Major Improvement Annual Installments are collected simultaneously with ad

valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Initial Manor Improvement Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Initial Major Improvement Annual Installment in a timely fashion such that the Initial Major Improvement Annual Installment can be collected in the same time frame as ad valorem taxes.

Section 13.2 General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE 14

SPECIAL COVENANTS

Section 14.1 Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 14.2 Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Bonds, and (ii) Refunding Bonds.

(c) Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given

precedence over or any equality with this Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

Section 14.3 Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds and Accounts, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 14.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE 15

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 15.1 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 14.

Section 15.2 Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 15.3 Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds

are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE 16

MISCELLANEOUS

Section 16.1 Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 16.2 Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the

Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 16.3 Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 16.4 Waiver of Personal Liability.

No member of the City Council of the City, or any officer, agent, or employee of the City, shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 16.5 Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate or Certificate for payment shall be in writing and shall be delivered by hand, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Friendswood, Texas
709 S. Washington
Friendswood, Texas 75142
Attn: City Manager
Telephone: (830) 598-8741

With a copy to:

And:

Bracewell LLP
Attn: Julie Partain
1445 Ross Ave.
Suite 3800
Dallas, Texas 75202
Email: julie.partain@bracewell.com
(214) 758-1606

If to the Trustee, also acting in the capacity of
Paying Agent/Registrar:

Wilmington Trust, National Association
Attention: Parker Merritt
15950 North Dallas Parkway, Suite 200
Dallas, TX 75248
(714)384-4174
pmerritt@wilmingtontrust.com

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized

Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 16.6 Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 16.7 Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 16.8 Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 16.9 Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 16.10 Statutory Verifications. The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the “Government Code”), in entering into this Indenture. As used in such verifications, “affiliate” means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) Not a Sanctioned Company. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

Section 16.11 Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of M&T Bank Corporation, a publicly traded business entity, and therefore this Indenture is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF FRIENDSWOOD, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]

WILMINGTON TRUST, NATIONAL
ASSOCIATION, AS TRUSTEE

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF FRIENDSWOOD, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, ____	November 26, 2024	_____

The City of Friendswood, Texas (the “City”), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually commencing on March 15, 2025, and on each March 15 and September 15 thereafter until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of Wilmington Trust, National Association, a national banking association, as trustee and paying agent/registrar (the “Trustee,” which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the last calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “Bonds”), dated November 1, 2024 and issued in the aggregate principal amount of \$_____ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of November 1, 2024 (the “Indenture”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of Initial Major Improvement Costs, (ii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) funding the Delinquency and Prepayment Reserve Account, (iv) paying capitalized interest on the Bonds, (v) paying the costs of organizing and administering the District, and (vi) paying the costs of issuance of the Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in denominations of \$100,000, or any integral multiple of \$1,000 in excess thereof ("Authorized Denominations"), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$100,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
-----------------	------------------------------------

September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

\$ _____ Term Bonds maturing September 15, 20__

Redemption Date	Sinking Fund Installment Amount
-----------------	------------------------------------

September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__ *	

*maturity

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the sinking fund redemption date (i) shall have been acquired by the City and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 15, 20__ before their scheduled maturity dates, in whole or in part, on any date, on or after September 15, 20__, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, or any other transfers to the Redemption Fund permitted in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given

shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or

Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF FRIENDSWOOD, TEXAS; HARRIS COUNTY, TEXAS; THE STATE OF TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

City Secretary, City of Friendswood, Texas

Mayor, City of Friendswood, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts of the
State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

Wilmington Trust, National Association, as
Trustee

By: _____
Authorized Signatory

DATED: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading “INTEREST RATE” and “MATURITY DATE” shall both be completed with the expression “As Shown Below,” and the reference to the “CUSIP NUMBER” shall be deleted;

(ii) in the first paragraph of the Bond, the words “on the Maturity Date specified above” shall be deleted and the following will be inserted: “on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates”</u>
--------------	-------------------------------	------------------------

	b.	(Information to be inserted from Section 3.2(c) hereof); and
--	----	--

(iii) the Initial Bond shall be numbered T-1.

EXHIBIT B

FORM OF PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. ____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of November 1, 2024 (the “Indenture”) relating to the “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for Madison Development Corp., LLC a Texas limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

____ the Initial Major Improvement Account of the Project Fund from Wilmington Trust, National Association, (the “Trustee”), in the amount of _____ (\$ _____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Initial Major Improvements providing a special benefit to property within the Friendswood City Center Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Initial Major Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Initial Major Improvements below is a true and accurate representation of the Initial Major Improvements associated with the creation, acquisition, or construction of said Initial Major Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Initial Major Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Initial Major Improvement Annual Installments of Initial Major Improvement Assessments it owes or an entity the Developer controls owes, located in Friendswood City Center Public Improvement District and has no outstanding delinquencies for such Initial Major Improvement Assessments.

6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

The work with respect to Initial Major Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Amount requested be paid.

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Amount to be Paid by Trustee from Initial Major Improvement Account

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Initial Major Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

Developer has submitted or is attached hereto any documents or schedules required by the City's PID administrator.

Payments requested hereunder shall be made as directed below:

a. X amount to Person or Account Y for Z goods or services.

b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

**Madison Development Corp. LLC a Texas
limited liability company**

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Initial Major Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Initial Major Improvement Account
\$ _____	\$ _____

CITY OF FRIENDSWOOD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Madison Development Corp, LLC, (the “Developer”) and requests payment from:

[the Costs of Issuance Account of the Project Fund][Initial Major Improvement Account of the Project Fund] from Wilmington Trust, National Association (the “Trustee”) in the amount of _____ DOLLARS (\$_____) for costs incurred in the establishment, administration, and operation of the Friendswood City Center Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.
7. The Developer has submitted all documentation required by the City’s PID Administrator with respect to this Disbursement Request.

Payments requested hereunder shall be made as directed below:

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

**Madison Development Corp., LLC, a Texas
limited liability company**

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

CITY OF FRIENDSWOOD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

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APPENDIX B
FORM OF SERVICE AND ASSESSMENT PLAN

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Friendswood City Center Public Improvement District

SERVICE AND ASSESSMENT PLAN

NOVEMBER 4, 2024



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section”, “Exhibit” or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On January 8, 2024, the City passed and approved Resolution No. R2024-01 authorizing the establishment of the District in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 106.472 acres located within the City, as described by the legal description on **Exhibit K** and depicted on **Exhibit A**.

The PID Act requires a Service Plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements and including a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Assessment Rolls are contained in **Exhibit G-1 and Exhibit G-2**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Owner[s], (either directly or through affiliates), including : (1) the costs for the design, planning, administration/management, acquisition, installation, construction and/or implementation and dedication of such Authorized Improvements; (2) the fees paid for obtaining permits, zoning, licenses, plan approvals, inspections or other governmental approvals for such Authorized Improvements; (3) the costs for external professional services, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting, and similar professional services; (4) the costs for all labor, bonds, and materials, including equipment and fixtures, owing to contractors, builders, and materialmen engaged in connection with the acquisition, construction, or implementation of the Authorized Improvements; (5) all related permitting and public approval expenses, and architectural, engineering, legal, consulting, and other governmental fees, construction security, insurance premiums, directly related to the construction of the Authorized Improvements, and charges and (6) costs to implement, administer, and manage the above-described activities including, but not limited to, a construction management fee equal to four percent (4%) of construction costs if managed by or on behalf of the Owner[s].

“Additional Interest” means the amount collected by application of the Additional Interest Rate. Additional Interest shall be collected only if the balance in the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds and is not charged on the Reimbursement Obligation until such Reimbursement Obligation is financed through Additional Major Improvement Bonds.

“Additional Interest Rate” means the 0.50% additional interest rate that may be charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act.

"Additional Major Improvement Annual Installment" means the Annual Installment of the Additional Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if applicable; and (4) the pro rata portion of the Annual Collection Costs based on outstanding Additional Major Improvement Assessments, as shown on **Exhibit G-2**. The principal and interest amount of the Additional Major Improvement Assessment may be reduced by a portion of the TIRZ Annual Credit Amount, pursuant to Section V.

"Additional Major Improvement Assessments" means an assessment levied against the Assessed Property for the Additional Major Improvements and imposed pursuant to an Assessment Ordinance and the provisions hereof, as shown in the Additional Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions

set forth in **Section VI** herein and the PID Act, which Additional Major Improvement Assessments secure the Reimbursement Obligation.

"Additional Major Improvement Assessments Trigger Date" means that date upon which the Additional Major Improvement Assessments become due and payable which is the earlier of (i) the date on which the first bill is sent with the Additional Major Improvement Assessment subsequent to the issuance of PID Bonds secured by the Additional Major Improvement Assessments are issued and (ii) the date the first bill is sent with the Additional Major Improvement Assessment which date shall be no later than two years after the date on which the Assessment Ordinance levying the Additional Major Improvement Assessments is adopted.

"Additional Major Improvements" means those certain Authorized Improvements, the costs of which are allocated to the Additional Major Improvements Assessments, as described in **Section III.B** and shown on **Exhibit B-1**.

"Additional Major Improvement Bonds" means those certain "City of Friendswood Special Assessment Revenue Bonds" (Friendswood City Center Public Improvement District Additional Major Improvements Project) that are secured by the Additional Major Improvement Assessments.

"Additional Major Improvements Assessment Roll" means the assessment roll for the Assessed Property of the Additional Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Additional Major Improvements Assessment Roll is included as **Exhibit G-2**.

"Administrator" means the City or independent firm designated by the City who shall have the responsibilities provided in this Service and Assessment Plan, any Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrar and

Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year may be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment on an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable. The principal and interest amount of an Annual Installment may be reduced by the TIRZ Annual Credit Amount.

“Annual Service Plan Update” means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

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

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

“Assessment Roll” means any assessment roll for the for the Assessed Property, including the Initial Major Improvements Assessment Roll and Additional Major Improvements Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Assessment Rolls are included as **Exhibit G-1** and **Exhibit G-2**.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, including Initial Major Improvements, the Additional Major Improvements, First Year Annual Collection Costs, and Bond Issuance Costs (if appropriate), as described in **Section III**, as shown on **Exhibit B-1**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees

charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of any series of PID Bonds.

“City” means the City of Friendswood, Texas.

“City Council” means the governing body of the City.

“City Contribution” means \$5,000,000 of City of Friendswood lawfully available funds expended by the City to pay a portion of the total costs of the Detention Improvements.

“Condo Regime” means a form of real property ownership that combines separate ownership of individual “units” with common ownership of other units.

“County” means Harris County, Texas.

“Delinquency and Prepayment Reserve Account” means the funds established pursuant to an Indenture where the Additional Interest will be deposited.

“Delinquent Collection Costs” means costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“Detention Improvements” means those Authorized Improvements consisting of drainage and detention facilities and improvements as set forth in Section III hereof.

“Development Agreement” means that certain Friendswood City Center Development Agreement between the Developer and the City dated January 22, 2024.

“Developer” means Madison Development Corporation, LLC, a Texas limited liability company and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“District” means the Friendswood City Center Public Improvement District containing approximately 106.472 acres located within the City, as generally depicted on **Exhibit A**, and described on **Exhibit K**.

“Engineer’s Report” means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

“Estimated Buildout Value” means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with builders, reports from third

party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

“Fire Station” means the fire station to be located within the District and as further described in the Development Agreement.

“First Year Annual Collection Costs” means the Annual Collection Costs associated with the first year of the District.

“Indenture” means an Indenture of Trust entered into between the City and the Trustee in connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

“Initial Major Improvements” means those certain Authorized Improvements, the costs of which are allocated to the Initial Major Improvements Assessments, as described in **Section III.A** and shown on **Exhibit B-1**.

“Initial Major Improvement Annual Installment” means the Annual Installment of the Initial Major Improvement Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Additional Interest, if applicable and; (4) the pro rata portion of the Annual Collection Costs based on the outstanding Initial Major Improvement Assessments as shown on **Exhibit G-1**. The principal and interest amount of the Initial Major Improvement Assessment may be reduced by a portion of the TIRZ Annual Credit Amount, pursuant to Section V.

“Initial Major Improvement Assessment Roll” means the assessment roll for the Assessed Property of the Initial Major Improvements, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in any Annual Service Plan Updates. The Additional Major Improvements Assessment Roll is included as **Exhibit G-1**.

“Initial Major Improvement Assessments” means an assessment levied against the Assessed Property for the Initial Major Improvements and imposed pursuant to an Assessment Ordinance and the provisions hereof, as shown in the Initial Major Improvements Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and the PID Act, which Initial Major Improvement Assessments secure the Initial Major Improvement Bonds.

“Initial Major Improvement Bonds” means those certain “City of Friendswood Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) that are secured by the Initial Major Improvement Assessments.

“Initial Parcel” means all of the Assessed Property within the District against which the entire

Initial Major Improvement Assessments and the Additional Major Improvement Assessments for the District are levied, as shown on the Assessment Roll attached as **Exhibit G-1**.

“Landowner Consent” means any “Landowner Consent” effective as of the date of each Assessment levy delivered by each landowner of Assessed Property at the time of an Assessment levy.

“Lot” means (1) for any portion of the District for which a final subdivision plat has been recorded in the Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; (2) a tract of land is described as a “lot” in a recorded instrument containing covenants, restrictions, and/or conditions for any portion of the District; (3) for any portion of the District for which a subdivision plat has not been recorded in the Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat; and (4) if a Condo Regime has been filed for any portion of the District, any unit of ownership included within the Condo Regime. A “Lot” may also include a tract of land upon which a condominium will be impressed creating condominium units but shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded Subdivision Plat or condominium unit.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g., lot size, land use classification, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council.

“Lot Type 1” means Assessed Property intended for use as inline retail or food retail within the District, as provided by the Owner. The buyer disclosures for Lot Type 1 is attached as **Appendix B**.

“Lot Type 2” means Assessed Property intended for mixed use within the District, as provided by the Owner. The buyer disclosure for Lot Type 2 is attached as **Appendix B**.

“Lot Type 3” means Assessed Property intended for use as a hotel within the District, as provided by the Owner. The buyer disclosure for Lot Type 3 is attached as **Appendix B**.

“Lot Type 4” means Assessed Property intended for use as office/medical space within the District, as provided by the Owner. The buyer disclosure for Lot Type 4 is attached as **Appendix B**.

“Lot Type 5” means Assessed Property intended to be developed as multi-family housing with a corridor of retail within the District, as provided by the Owner. The buyer disclosure for Lot Type 5 is attached as **Appendix B**.

“Maximum Assessment” means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) the amount shown on **Exhibit E**.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“Notice of PID Assessment Termination” means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit I**.

“Owner” or **“Owners”** means Madison Development Corporation, LLC, Lone Star Campus R1, LLC, Tima Holdings, LLC, Hill Gage Development Corporation, LLC, and Ajay K. Jain and any successors or assigns thereof.

“Parcel” or **“Parcel(s)”** means a specific property within the District identified by either a tax parcel identification number assigned by the Harris Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

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

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

“Prepayment” means the payment of all or a portion of an Assessment before the due date of the final Annual Installment thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

“Prepayment Costs” means interest, including Annual Collection Costs, to the date of Prepayment.

“Recorded Declaration” means the Declaration filed and recorded in the official public records of the County.

“Reimbursement Agreement” means the Friendswood City Center Public Improvement District Reimbursement Agreement between the City and the Developer dated November 4, 2024 pursuant to which the City agrees to levy the Additional Major Improvement Assessments on the Assessed Property in the District and all or a portion of such Additional Major Improvement Assessments are paid to the Developer to reimburse the Actual Costs of the Additional Major Improvements.

“Reimbursement Obligation” means the principal amount not to exceed \$17,822,000 to be paid to the Developer for the costs of the Additional Major Improvements pursuant to the Reimbursement Agreement, which amount is secured by the Initial Major Improvement Assessments.

“Service and Assessment Plan” means this Friendswood City Center Public Improvement District Service and Assessment Plan, as updated, amended, or supplemented from time to time.

“Service Plan” means the plan that defines the annual indebtedness and projected costs of the Authorized Improvements, and covers a period of at least five years, more specifically described in **Section IV**.

“TIRZ” means Reinvestment Zone Number One, City of Friendswood.

“TIRZ Administrative Costs” means those reasonable costs paid or incurred by or on behalf of the City to create and/or administer the TIRZ.

“TIRZ Agreement” means the TIRZ Agreement – Friendswood City Center PID, effective as of [DATE].

“TIRZ Annual Credit Amount” is defined in **Section V.E**, which amount shall not annually exceed the TIRZ Maximum Annual Credit Amount, and which shall be transferred from the TIRZ Fund to the applicable pledged revenue fund pursuant to the TIRZ Project Plan.

“TIRZ Fund” means the tax increment fund created pursuant to the TIRZ Ordinance where TIRZ Revenues are deposited annually.

“TIRZ Maximum Annual Credit Amount” means for each Lot Type, the amount of TIRZ Revenues that results in an equivalent tax rate of \$2.34 per \$100 of assessed value for such Lot Type taking into consideration the tax rates of all applicable overlapping taxing units and the equivalent tax rate of each applicable Assessment levied on each Lot Type, based on Estimated Buildout Value at the time the City Council approves each Assessment Ordinance levying each respective Assessment, as shown on **Exhibit F**. the Estimated Buildout Value per Lot Type is shown on **Exhibit E**.

“TIRZ Ordinance” means Ordinance No. 2023-31 adopted by the City Council on December 4, 2023, which approved the creation of Reinvestment Zone Number One and authorized the use of TIRZ Revenues for project costs under the Chapter 311, Texas Tax Code, as amended, and related to certain public improvements as provided in the TIRZ Project Plan.

“TIRZ Project Plan” means the Reinvestment Zone Number One, City of Friendswood Final Project and Reinvestment Zone Financing Plan, as periodically amended and updated.

“TIRZ Revenues” mean, for each year, the amounts which are deposited in the TIRZ Fund pursuant to the Development Agreement, the TIRZ Ordinance, and TIRZ Project Plan.

“Trustee” means the trustee or successor trustee under an Indenture.

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SECTION II: THE DISTRICT

The District includes approximately 106.472 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K**, and depicted on **Exhibit A**. Development of the District is anticipated to include approximately 76,408 square feet of building space as inline retail or food retail (Lot Type 1), 268,800 square feet of building space as mixed use (Lot Type 2), an approximately 115 keys hotel with convention space (Lot Type 3), 194,050 square feet of office/medical building space (Lot Type 4), and approximately 750,000 square feet of multifamily that includes a corridor of retail (Lot Type 5).

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City unless otherwise noted. The budget for the Authorized Improvements is shown on **Exhibit B-1**.

A. Initial Major Improvements

I. Roadway Improvements

▪ *FM 528 Traffic Improvements*

Signalization improvements at F.M. 528 and Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications. Includes the addition of a southbound left turn lane on Townes Rd. to balance the new (widening) approach to F.M. 528 northbound from the new development.

Includes signalization improvements at F.M. 528 and Blackhawk Blvd. consisting of upgrades to the existing traffic signal to full operation to current Texas Department of Transportation specifications with a new south leg of the intersection, and addition of southbound left turn lane at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd. to balance the new widening approach to F.M. 528 for access management purposes. The signalization improvements will be owned and operated by the TxDOT and will provide benefit to each Lot within the District.

- *Phase 1 Blackhawk Boulevard Improvements*

Improvements include 4 lane arterial street construction to serve as an extension of the existing Blackhawk Boulevard from F.M. 528 to the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard and includes the construction of the roundabout. The extension will provide connection to Larrabee Way, as well as multiple local streets and is calculated to be approximately 3,512 square yards of roadway construction. Also includes the addition of a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to F.M. 528 for access management purposes. The Phase 1 Blackhawk Boulevard Improvements will provide benefit to each lot within the District.

- *Phase 1 Townes Road Improvements*

Includes the construction of 4,276 square yards of reinforced concrete street to include subgrade and a roundabout at the intersection of Townes Road and Larrabee Way, that serves as a continuation of the existing Townes Road located north of F.M. 528. The construction of the new section will begin at F.M. 528 and terminates at Larrabee Way at the southern end of the roundabout at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Madison Avenue Improvements*

Includes the construction of 1,543 square yards of a reinforced concrete street to include subgrade that will provide 2 travel lanes beginning at F.M. 528 and terminating at the 4-way stop at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Larrabee Way Improvements*

Includes the construction of 2 lanes, 12,275 square yards, of a reinforced concrete street to include subgrade which will transverse perpendicular to Madison Avenue and includes a 4-way stop at the intersection of Madison Avenue and Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- II. Earthwork, Paving and Grading

- *Phase 1 Earthwork, Paving and Grading*

Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the Phase 1 Storm Drainage improvements, Detention Pond 1 and Detention Pond 2, along with the hauling and removal of dirt. In addition, there

will be sidewalk improvements for the benefit of walkability within the site, as well as better access from F.M. 528 for pedestrian traffic. Only a portion of the cost of earthwork, paving and grading will be funded by the Initial Major Improvement Assessment. The remaining costs will be paid from the City Contribution.

III. Clearing, Grubbing and Demolition

▪ *District Clearing, Grubbing and Demolition*

Includes light and heavy clearing for the construction and installation of the Initial Major Improvements to include heavy clearing for the construction of Detention Pond 1, along with the removal and disposal of 3" public force main and 12" public water line. The improvements are necessary for the construction of the Initial Major Improvements and will provide benefit to each Lot within the District. A portion of the costs of Clearing, Grubbing and Demolition is being funded with the City Contribution and approximately 27.07% of the costs of such improvements (\$873,609) is apportioned to the District as part of the Initial Major Improvements.

IV. Detention Improvements

▪ *Detention Pond 1*

Improvements Include the excavation and construction of Detention Pond 1, a 4' retaining wall cast in place, an 8' retaining wall cast in place, installation of a backslope interceptor and swale, application of fertilizer seeds for stabilization, dewatering, sheet piling, riprap, collection screen structure and haul and disposal of utility spoils. The Detention Pond 1 Improvements will provide benefit to each Lot within the District.

▪ *Detention Pond 2*

Improvements include the excavation and construction of Detention Pond 2, installation of a backslope interceptor and swale, and application of hydro mulch for stabilization. The Detention Pond 2 Improvements will provide benefit to each Lot within the District. A portion of the costs of Detention Pond 2 are being funded by the City Contribution and approximately 68.79% of the costs of such improvements (\$11,020,226) is apportioned to the District as part of the Initial Major Improvements.

▪ *Phase 1 Storm Drainage*

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from F.M. 528 and terminating at the point of the proposed bridge connection at Blackhawk Boulevard. The improvements will provide a benefit to all

Lots within the District.

V. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Initial Major Improvements.

VI. Soft Costs

Costs related to designing, constructing, and installing the Initial Major Improvements including land planning and design, engineering, soil testing, consultant fees, project coordination, and survey. A portion of the soft costs are being funded by City Contribution and approximately 4.84% of the costs of such Initial Major Improvements (\$83,010) is apportioned to the Initial Major Improvements within the District.

B. Additional Major Improvements

I. Roadway Improvements

▪ *Phase 2 Blackhawk Boulevard Improvements*

Improvements include the continuation of the extension of the Phase 1 Blackhawk Boulevard Improvements, consisting of 17,711 square yards of reinforced concrete street and subgrade, from the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard to West Bay Area Boulevard. Additionally, the improvements include the construction of a 4-lane bridge with 2 lanes for east and west bound on Blackhawk Boulevard. The Phase 2 Blackhawk Boulevard Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Townes Road Improvements*

Improvements include the construction of 4,723 square yards of reinforced concrete street and subgrade to serve as a continuation of the Phase 1 Townes Road Improvements from the roundabout at Larrabee Way and terminating at Bennett Boulevard. The Phase 2 Townes Road Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Madison Avenue Improvements*

Improvements include the continuation of construction of reinforced concrete street, 3,114 square yards, and subgrade from the 4-way stop at Larrabee Way to the roundabout at Bennett Boulevard. The Phase 2 Madison Avenue Improvements will provide benefit to each Lot within the District.

- *Bennett Boulevard Improvements*

Improvements include the construction of 2 travel lanes, 11,728 square yards, eastward and 2 travel lanes westward of reinforced concrete street and subgrade to include a roundabout that terminates to the south where the right-of-way ends the multi-family development begins. The Bennett Boulevard Improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 2 Earthwork, Paving and Grading*

Improvements to include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the phase 2 storm drainage improvements, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site as well as sidewalk improvements to improve foot traffic from Clear Creek Independent School District property to the Northwest to Blackhawk Blvd. and West Bay Area Boulevard. The street improvements will provide benefit to each Lot within the District. A portion of the Phase 2 Earthwork, Paving and Grading is being funded by the City Contribution and approximately 63.49% of the costs of such improvements (\$412,543) is apportioned to the District as part of the Additional Major Improvements.

III. Water Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances required to provide water service to all Lots within the District.

There will be a water line constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a water line along Townes Rd. and Bennert Blvd. Larrabee Way will have a water line running across connecting the water lines on Townes Rd. and Blackhawk Blvd. The water improvements will provide benefit to each Lot within the District.

IV. Wastewater Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, testing,

and all necessary appurtenances constructed to the City of Friendswood standards required to provide wastewater service to all Lots within the District.

Construction will consist of wastewater lines on Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from a wastewater line to a wastewater line tying into the manhole on West Bay Area Blvd. In addition to new proposed wastewater lines, there will be improvements to the existing force main running through the site, as well as relocation of an existing City-owned force main. The wastewater improvements will provide benefit to each Lot within the District.

- *Sanitary Sewer Lift Station*

Includes a proposed Sanitary Lift Station that includes a tie into the manhole on West Bay Area Blvd. An existing 8" sanitary sewer line and sanitary lift station that currently service Clear Creek Community Church will be abandoned, and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center sanitary sewer system near the Blackhawk Blvd. and F.M. 528 connection. The Sanitary Sewer Lift Station will provide a benefit to each Lot within the District.

V. Phase 2 Storm Drainage

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from the proposed bridge connection at Friendswood Link Road running south along Blackhawk Boulevard to West Bay Area Boulevard. The Phase 2 Storm Drainage improvements will provide a benefit to each Lot within the District.

VI. Landscaping, Parks and Public Amenities

Improvements include walking and bike trails that are constructed of decomposed granite pavement with concrete edges. The trail will include rest areas with park benches and lighting at key viewing locations. Additionally, the park will also have a few bird blinds, wayfinding graphics, bath, and parking facilities. The area will be landscaped with native vegetation and wetland grasses. As the walking and bike trails extend into the urban area, it will connect to a concrete and paver path that will include park benches and pedestrian lighting. The trail will provide a continuous and accessible route to all the buildings within the District. Landscape along the trail will be a blend of seasonal color plants and regional vegetation that complies with the City landscaping requirements. The Landscaping, Parks and Public Amenities will provide a benefit to each Lot within

the District.

VII. Fire Station

Improvements include the construction of a fire station for use by the City of Friendswood for the benefit of the public that will be constructed along phase 2 of the Blackhawk Blvd. expansion. 87.96% of the Fire Station is being funded by other lawfully available revenues of the City. 12.04% is apportioned to the District, as part of the Additional Major Improvements, pro rata based on estimated assessed value, as detailed on **Exhibit B-2**.

VIII. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Additional Major Improvements.

IX. Soft Costs

Costs related to designing, constructing, and installing the Additional Major Improvements including land planning and design, City fees, inspection fees, engineering, soil testing, geotechnical engineering, and survey.

C. Bond Issuance Costs

▪ *Delinquency and Prepayment Reserve Account*

Equals the amount to be deposited in the Delinquency and Prepayment Reserve Account under an Indenture in connection with the issuance of the Initial Major Improvement Bonds and any PID Bonds issued to finance the Additional Major Improvements.

▪ *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of Initial Major Improvement Bonds and any PID Bonds issued to finance the Additional Major Improvements.

▪ *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest on the Initial Major Improvement Bonds and any other series of PID Bonds under an applicable Indenture.

▪ *Underwriter's Discount*

Equals a percentage of the par amount of the Initial Major Improvement Bonds related to the costs of underwriting Initial Major Improvement Bonds and a percentage of par of any future series of PID Bonds issued to finance the Additional Major Improvements.

▪ *Cost of Issuance*

Includes costs of issuing a particular series of PID Bonds, including but not limited to issuer fees, attorney's fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City's costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of any PID Bonds.

D. Other Costs

- *Initial Administrative Fund Deposit*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

- *District Formation Expenses*

Equals the amount necessary to fund the district formation costs, to include legal fees and consultant fees, incurred and paid by the Owner and apportioned equally to both the Initial Major Improvements and the Additional Major Improvements.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update to show any budget revisions and the amount required to fund the required reserves and issue each series PID Bonds at the time such PID Bonds are issued.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Owner, Developer, and all future owners and developers of the Assessed Property.

A. Assessment Methodology

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs of the Authorized Improvements shall be allocated to each Assessed Property pro rata based on Estimated Buildout Value. Currently, the Initial Parcel is the only Parcel within the District, and as such, the Initial Parcel is allocated 100% of the costs of the Authorized Improvements, which costs are allocated between the Initial Major Improvements Assessments and the Additional Major Improvements Assessments. Upon subdivision of an Assessed Property, the Actual Costs of the Authorized Improvements shall be reallocated based on Estimated Buildout Value as further described in **Section VI**.

B. Assessments

The Initial Major Improvements Assessments will be levied on the Initial Parcel in the amounts shown on the Initial Major Improvements Assessment Roll, attached hereto as **Exhibit G-1**. The Additional Major Improvements will be levied on the Initial Parcel in the amounts shown on the Additional Major Improvements Assessment Roll attached hereto as **Exhibit G-2**. The Annual Installments of the Initial Major Improvement Assessments and the Annual Installments of the Additional Major Improvement Assessments are shown on **Exhibit G-3**. Upon division or subdivision of the Initial Parcel, the Initial Major Improvement Assessment and Additional Major Improvement Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessments for Lots classified as Lot Type 1, Lot Type 2, Lot Type 3, Lot Type 4, and Lot Type 5, respectively, exceed the corresponding Maximum Assessment for each Lot Type classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Owner and its engineer and reviewed by City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- The estimated Actual Costs of the Authorized Improvements equal \$65,858,695 as shown on **Exhibit B-1**;
- The Initial Parcel will be allocated 100% of the Assessment levied for the Authorized Improvements (which Assessments include the Initial Major Improvement Assessments and the Additional Major Improvements Assessments), which equals \$55,322,000 as shown on the Assessment Rolls attached hereto as **Exhibit G-1** and **Exhibit G-2**;

- The special benefit (\$65,858,695) received by the Initial Parcel from the Authorized Improvements is equal to or greater than the amount of the Assessment (\$55,322,000) levied on the Initial Parcel for the Authorized Improvements; and
- At the time the City Council approved the Service and Assessment Plan, the Owners owned 100% of the Initial Parcel. The Owners acknowledged that the Authorized Improvements confer a special benefit on the Initial Parcel and consented to the imposition of the Assessment to pay for the Actual Costs associated therewith. The Owners ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Assessment on the Initial Parcel.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs 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.

E. Additional Interest

The interest rate on Assessments securing PID Bonds may exceed the interest rate on such PID Bonds by the Additional Interest Rate. Additional Interest shall be collected on the Initial Major Improvement Assessments if the Delinquency and Prepayment Reserve Account falls below 2.5% of outstanding bond par. Additional Interest will not be collected on the Additional Major Improvement Assessments until the issuance of PID Bonds secured by the Additional Major Improvement Assessments, and at such time will be collected pursuant to the terms of the applicable Indenture.

F. TIRZ Annual Credit Amount

The City Council, in accordance with the TIRZ Project Plan, has agreed to use a portion of TIRZ Revenues generated from each Assessed Property to offset a portion of the principal and interest of the Assessments, as applicable.

1. The principal and interest portion of the Initial Major Improvement Annual Installment for an Assessed Property shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Assessed Property for the previous Tax Year (e.g. TIRZ Revenue collected

from the Assessed Property for Tax Year 2025 shall be applied as the TIRZ Annual Credit Amount applicable to the Assessed Property's Initial Major Improvement Annual Installment collected in Tax Year 2026), but in no event shall the TIRZ Annual Credit Amount exceed the TIRZ Maximum Annual Credit Amount shown in **Section V.E.2** as calculated on **Exhibit F** for each Assessed Property.

2. The TIRZ Maximum Annual Credit Amount available to reduce the principal and interest portion of the Initial Major Improvement Annual Installment for an Assessed Property is calculated for each Lot Type, as shown on **Exhibit F**. The TIRZ Maximum Annual Credit Amount is calculated so that the average Initial Major Improvement Annual Installment minus the TIRZ Maximum Annual Credit Amount for each Lot Type does not produce an equivalent tax rate for such Lot Type which exceeds the competitive, composite equivalent ad valorem tax rate (\$2.34 per \$100 of assessed value) taking into consideration the 2024 tax rates of all applicable overlapping taxing units and the equivalent tax rate of the Initial Major Improvement Annual Installment based on the Estimated Buildout Values at the time Assessment Ordinance is approved. The resulting TIRZ Maximum Annual Credit Amount for each Lot Type is shown on **Exhibit F**. The TIRZ Maximum Annual Credit Amount will not be used to reduce the principal and interest on the Additional Major Improvement Assessment.
3. After the TIRZ Annual Credit Amount is applied to provide a credit towards the principal and interest portion of the Initial Major Improvement Annual Installment for the Assessed Property, any excess TIRZ Revenues available from the TIRZ Fund shall be applied pursuant to the TIRZ Project Plan.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this **Section VI** shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat or Declaration

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property
 B = the Assessment for the Assessed Property prior to division
 C = the Estimated Buildout Value of the newly divided Assessed Property
 D = the sum of the Estimated Buildout Value for all the newly divided Assessed Properties

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Owner, relying on information from builders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for each Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

2. Upon Subdivision by a Recorded Subdivision Plat or Recorded Declaration

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot
 B = the Assessment for the Parcel prior to subdivision
 C = the sum of the Estimated Buildout Value of all newly subdivided Lots with same Lot Type
 D = the sum of the Estimated Buildout Value for all of the newly subdivided Lots excluding Non-Benefitted Property
 E = the number of newly subdivided Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat or recorded declaration. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Owner, builders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for each Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

3. Upon Consolidation

If two or more Lots or Parcels are consolidated into a single Lot or Parcel, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update immediately following such consolidation. The Assessment for any resulting Lot may not exceed the Maximum Assessment for the applicable Lot Type and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B.**

B. True-Up of Assessments if Maximum Assessment Exceeded

Upon submission of a preliminary plat and/or site plan by the Owner to the City, the Owner shall provide the City the gross building square footage and use type for land included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The Administrator will review the preliminary plat and/or site plan to determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the Administrator determines the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the City issuing any building permit for any such Lot described in the reviewed preliminary plat or site plan, the Owner will make a Prepayment in an amount sufficient to reduce the Assessment for each Lot within such preliminary plat and/or site plan to the Maximum Assessment. The City's approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts does not eliminate the obligation of the Owner to pay such amounts.

By way of illustration, if a block is initially anticipated to contain 1,000 square feet of commercial property subject to a Maximum Assessment of \$10 per square foot, the block would initially be allocated a total Assessment of \$10,000. If the Developer then submits to the City and Administrator a Preliminary Site Plan showing only 800 square feet of commercial property on said block, the Owner will be required to make or cause to be made a Prepayment in an amount sufficient to reduce the Assessment allocated to said block to the Maximum Assessment of \$10 per square foot, which is calculated using the following formula:

$$A = B - (C * D)$$

Where the terms have the following meanings:

A = the Prepayment amount

B = the Assessment originally allocated to the Assessed Property

C = the number of units in the Assessed Property per the Preliminary Site Plan

D = the Maximum Assessment per unit

	Square Footage	Assessment	Assessment per Square Foot ^[a]
Initially Anticipated:	1,000	\$ 10,000.00	\$ 10.00
Site Plan:	800	\$ 10,000.00	\$ 12.50
Post-Prepayment ^[b] :	800	\$ 8,000.00	\$ 10.00

Footnotes:

[a] The Maximum Assessment per square foot is \$10.00.

[b] The Mandatory Prepayment amount required in this example to reduce the Assessment per square foot back down to the Maximum Assessments of \$10.00 is \$2,000.00
(10,000-(800*10) = 2,000).

C. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefitted Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefitted Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer; provided that, however, such mandatory Prepayment of the Assessment shall not be required for portions of a Parcel that are dedicated or conveyed to the City, a property owner association, any other governmental entity or utility provider for use as internal roads, utilities, parks, drainage and detention facilities, and other similar public improvements, in which case the Assessment that was allocated to the Parcel will be reallocated to the remainder of the Parcel. If a reallocation to the remainder of the Parcel as

provided in the foregoing sentence causes the Assessment for such remainder to exceed the Maximum Assessment, the owner of the remainder of the Parcel must partially prepay the Assessment to the extent it exceeds the Maximum Assessment in an amount sufficient to reduce the Assessment to the Maximum Assessment.

D. Reduction of Assessments

If the Actual Costs of completed Initial Major Improvements are less than the Initial Major Improvement Assessments, then (i) in the event Initial Major Improvement Bonds have not been issued for the purpose of financing the Initial Major Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Initial Major Improvement Assessment, on a pro rata basis, such that the sum of the resulting reduced Initial Major Improvement Assessments for all Initial Major Improvement Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that Initial Major Improvement Bonds have been issued for the purpose of financing the Initial Major Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to the Initial Major Improvement Bonds as directed by the City pursuant to the terms of such Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as the Initial Major Improvement Assessments. Such excess Initial Major Improvement Bond proceeds may be used for any purpose authorized by such Indenture. The Initial Major Improvement Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Initial Major Improvement Bonds.

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

If the Actual Costs of completed Additional Major Improvements are less than the Additional Major Improvement Assessments, then (i) in the event Additional Major Improvement Bonds have not been issued for the purpose of financing the Additional Major Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Additional Major Improvement Assessment, on a pro rata basis, such that the sum of the resulting reduced Additional Major Improvement Assessments for all Additional Major Improvement Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that Additional Major Improvement Bonds have been issued for the purpose of financing the Additional Major Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to the Additional Major Improvement Bonds as directed by the City pursuant to the terms of such

Indenture, and the TIRZ Annual Credit Amount will be reduced in the same proportion as the Additional Major Improvement Assessments. Such excess Additional Major Improvement Bond proceeds may be used for any purpose authorized by such Indenture. The Additional Major Improvement Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding Additional Major Improvement Bonds.

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

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the applicable Assessment Rolls revised accordingly; (2) the Administrator shall prepare the revised Assessment Rolls and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to reflect the amount of the Assessment remaining after such partial prepayment on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit G-3** shows the estimated Annual Installments including both the Initial Major Improvement

Assessment and the Additional Major Improvement Assessment. Annual Installments are subject to adjustment in each Annual Service Plan Update.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments may at the discretion of the City be reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes to the extent practically possible. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Initial Major Improvement Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2027. The initial Annual Installments of the Additional Major Improvement Assessments shall become delinquent on the first February 1 falling after the Additional Major Improvement Assessments Trigger Date.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the "**Remaining Property**") following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of this Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment.

In all instances the Assessment remaining on the Remaining Property shall not exceed the applicable Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property and the remaining 90 acres constituting the Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Remaining Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value

requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the applicable Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Assessment on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

SECTION VII: ASSESSMENT ROLL

The Assessment Rolls are attached as **Exhibit G-1** and **Exhibit G-2**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Assessment Rolls and Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such a written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator. Any action by the City Council shall not impair the rights or security for bondholders of the PID Bonds.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure; Filing in Real Property Records

Within seven days of approval by the City Council, the Assessment Ordinance shall be filed and recorded in the real property records of the County. In addition, the City shall similarly file each Annual Service Plan Update approved by the City Council, with each such filing to occur within seven days of the date of each respective Annual Service Plan Update is approved.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Remaining provisions of this Service and Assessment Plan shall remain in effect.

EXHIBITS

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

Exhibit A	District Boundary Map
Exhibit B-1	Project Costs
Exhibit B-2	Fire Station Apportionment of Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E	Maximum Assessment and Tax Rate Equivalent
Exhibit F	TIRZ Maximum Annual Credit Amount
Exhibit G-1	Initial Major Improvement Assessment Roll
Exhibit G-2	Additional Major Improvement Assessment Roll
Exhibit G-3	Annual Installments
Exhibit H	Maps of Initial Major Improvements and Additional Major Improvements
Exhibit I	Form of Notice of PID Assessment Termination
Exhibit J	Debt Service Schedule for Initial Major Improvement Bonds
Exhibit K	District Boundary Description

APPENDICES

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

Appendix A Engineer's Report

Appendix B Buyer Disclosures

EXHIBIT A – DISTRICT BOUNDARY MAP

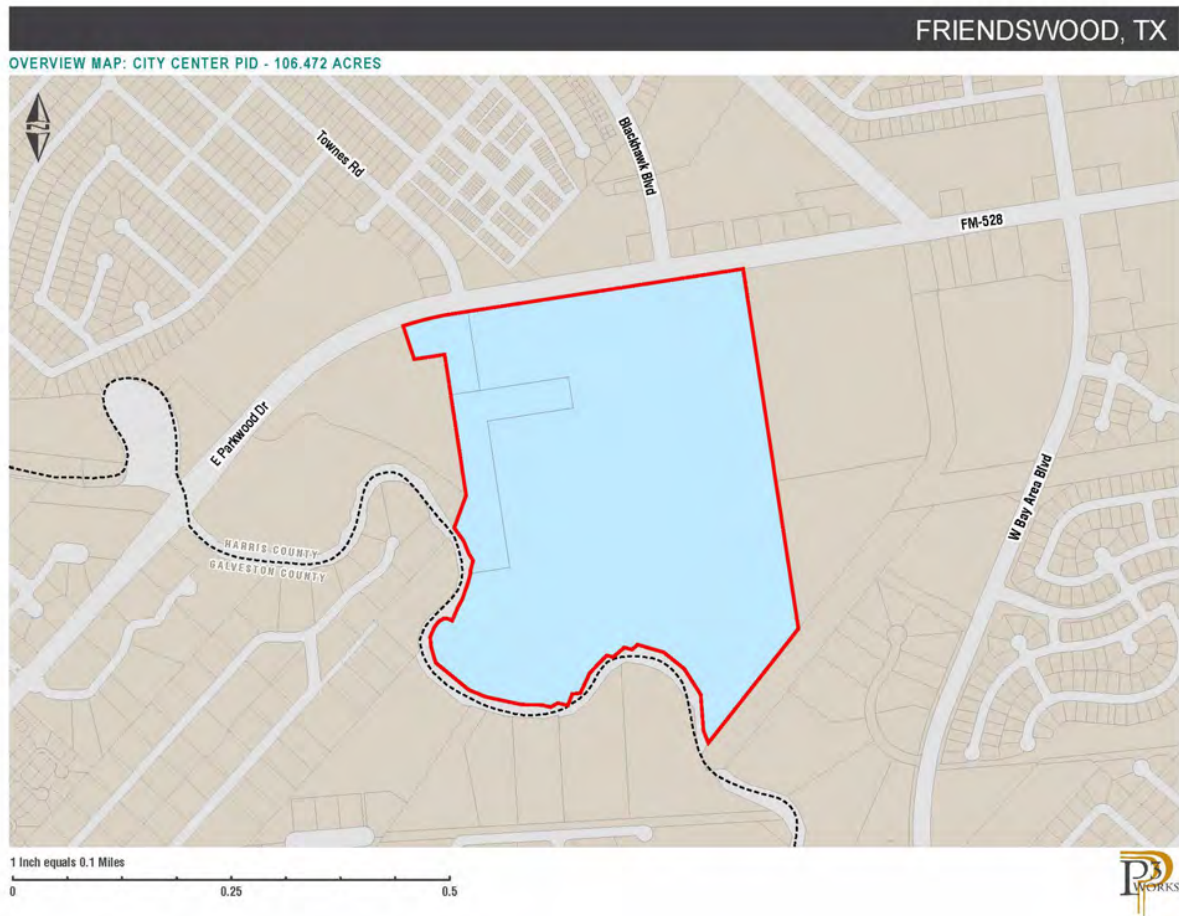


EXHIBIT B-1 – PROJECT COSTS

		Non-District Costs ^[b]		District	
	Total Costs ^[a]	%	\$	%	\$
Initial Major Improvements					
FM 528 Traffic Improvements	\$1,200,000	0.00%	\$ -	100.00%	\$1,200,000
Phase 1 Blackhawk Boulevard Improvements	240,923	0.00%	-	100.00%	240,923
Phase 1 Townes Road Improvements	271,984	0.00%	-	100.00%	271,984
Phase 1 Madison Avenue Improvements	98,159	0.00%	-	100.00%	98,159
Larrabee Way Improvements	817,556	0.00%	-	100.00%	817,556
Phase 1 Earthwork, Paving and Grading	649,796	36.51%	237,253	63.49%	412,543
Clearing, Grubbing and Demolition	3,226,758	72.93%	2,353,150	27.07%	873,609
Detention Pond 1	14,761,896	5.27%	778,095	94.73%	13,983,801
Detention Pond 2	2,018,477	0.00%	-	100.00%	2,018,477
Phase 1 Storm Drainage	5,144,261	0.00%	-	100.00%	5,144,261
Contingency ^[c]	3,695,875	0.00%	-	100.00%	3,695,875
Soft Costs ^[d]	1,714,512	95.16%	1,631,502	4.84%	83,010
	\$ 33,840,197		\$ 5,000,000		\$ 28,840,198
Additional Major Improvements					
Phase 2 Blackhawk Blvd. Improvements	\$3,703,530	0.00%	\$ -	100.00%	\$3,703,530
Phase 2 Townes Rd. Improvements	323,993	0.00%	-	100.00%	323,993
Phase 2 Madison Ave. Improvements	213,654	0.00%	-	100.00%	213,654
Bennett Blvd. Improvements	804,530	0.00%	-	100.00%	804,530
Phase 2 Earthwork, Paving & Grading	1,417,727	0.00%	-	100.00%	1,417,727
Water	1,007,036	0.00%	-	100.00%	1,007,036
Wastewater	862,879	0.00%	-	100.00%	862,879
Sanitary Sewer Lift Station	1,330,700	0.00%	-	100.00%	1,330,700
Phase 2 Storm Drainage	179,101	0.00%	-	100.00%	179,101
Landscaping, Parks and Amenities	5,597,472	0.00%	-	100.00%	5,597,472
Fire Station ^[e]	8,300,000	87.57%	7,268,310	12.43%	1,031,690
Contingency ^[f]	2,141,400	0.00%	-	100.00%	2,141,400
Soft Costs ^[g]	2,981,848	0.00%	-	100.00%	2,981,848
	\$ 28,863,870		\$ 7,268,310		\$ 21,595,560
Initial Major Improvement Bond Issuance Costs					
Delinquency and Prepayment Reserve Fund	\$ 937,500	\$ -		\$ 937,500	
Debt Service Reserve Fund	3,201,440	-		3,201,440	
Capitalized Interest	4,717,708	-		4,717,708	
Underwriter Discount	1,125,000	-		1,125,000	
Cost of Issuance	1,875,000	-		1,875,000	
	\$ 11,856,648	\$ -		\$ 11,856,648	
Additional Major Improvement Bond Issuance Costs ^[h]					
Delinquency and Prepayment Reserve Fund	\$ 445,550	\$ -		\$ 445,550	
Debt Service Reserve Fund	1,513,540	-		1,513,540	
Underwriter Discount	535,162	-		535,162	
Cost of Issuance	891,100	-		891,100	
	\$ 3,385,352	\$ -		\$ 3,385,352	
District Formation Expenses					
District Formation Expenses	\$ 100,000	\$ -		\$ 100,000	
	\$ 100,000	\$ -		\$ 100,000	
Other Costs					
Deposit to Administrative Fund	\$ 80,000	\$ -		\$ 80,000	
	\$ 80,000	\$ -		\$ 80,000	
Total	\$ 78,126,067	\$ 12,268,310		\$ 65,857,757	

Footnotes:

- [a] Costs were determined by the Engineer's Report attached hereto as **Appendix A**.
- [b] Funding for the Non-District Costs are being provided by other lawfully available revenue of the City and will not be reimbursed by the PID Bonds, Initial Major Improvement Assessments or Additional Major Improvement Assessments.
- [c] Calculated at 13% of hard construction costs for the Initial Major Improvements as approved by the City.
- [d] Includes professional services fees related to drainage and flood mitigation, Land Planning, Design, Engineering, Geotechnical Engineering, and Surveying for the Initial Major Improvements.
- [e] Apportionment of Costs for the Fire Station is based on the estimated Assessed Valuation for the District as a percentage of the City's 2023 Assessed Valuation.
- [f] Calculated at 13% of hard construction costs for the Additional Major Improvements as approved by the City.
- [g] Includes professional services fees related to Engineering, Geotechnical Engineering, Surveying, Land Planning and Design of the Additional Major Improvements.
- [h] Preliminary estimates. Actual costs will be determined at the time of bond issuance for the Additional Major Improvements.

EXHIBIT B-2 – FIRE STATION – APPORTIONMENT OF COSTS

Entity	Estimated Assessed Valuation ¹	Fire Station Improvements ²		Total Apportionment to District ¹
		%	Costs	
City	5,401,437,619	87.56%	\$ 7,267,480	
District	767,145,099	12.44%	\$ 1,032,520	\$ 1,032,520
Total	\$ 6,168,582,718	100.00%	\$ 8,300,000	

Footnotes:

- 1) The District estimated Taxable Valuation is estimated by the Developer and the City's 2024 estimated Taxable Valuation is per the City on September 17, 2024.
- 2) The Fire Station Improvements are apportioned based on the estimated Taxable Valuation for the District as a percentage of the of City's 2024 estimated Taxable Valuation.

EXHIBIT C – SERVICE PLAN

		District				
Annual Installments Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
<i>Initial Major Improvement Bonds</i>						
Principal		\$ -	\$ -	\$ 438,000	\$ 469,000	\$ 504,000
Interest ^[a]		2,092,708	2,625,000	2,625,000	2,594,340	2,561,510
Capitalized Interest		(2,092,708)	(2,625,000)	-	-	-
(1)		\$ -	\$ -	\$ 3,063,000	\$ 3,063,340	\$ 3,065,510
Additional Interest ^[b]	(2)	\$ 187,500	\$ 187,500	\$ 187,500	\$ 185,310	\$ 182,965
<i>Additional Major Improvements Reimbursement Obligation</i>						
Principal		\$ -	\$ -	\$ 266,000	\$ 282,000	\$ 298,000
Interest ^[c]		-	-	1,247,540	1,228,920	1,209,180
(3)		\$ -	\$ -	\$ 1,513,540	\$ 1,510,920	\$ 1,507,180
Annual Collection Costs	(4)	\$ -	\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595
Total Annual Installments	(5) = (1) + (2) + (3) + (4)	\$ -	\$ 81,600	\$ 4,659,772	\$ 4,659,157	\$ 4,659,285

Footnotes:

[a] Calculated at the rate on the Series 2024 Bonds plus Additional Interest.

[b] Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of outstanding bond par.

[c] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on the Bonds plus the Additional Interest.

EXHIBIT D – SOURCES AND USES OF FUNDS

	Initial Major Improvements	Additional Major Improvements	Total
Sources of Funds			
Initial Major Improvement Bonds	\$ 37,500,000	\$ -	\$ 37,500,000
Additional Major Improvement Reimbursement Obligation ^[a]	-	17,822,000	\$ 17,822,000
Non-District Sources ^[b]	5,000,000	7,268,310	12,268,310
Owner Contribution ^[c]	3,291,846	7,243,911	10,535,757
Total Sources of Funds	\$ 45,791,846	\$ 32,334,221	\$ 78,126,067
Uses of Funds			
Major Improvements	\$ 28,840,198	\$ 21,595,560	\$ 50,435,757
Non-PID Improvements	\$ 5,000,000	\$ 7,268,310	\$ 12,268,310
Total Improvements	\$ 33,840,197	\$ 28,863,870	\$ 62,704,067
<i>Initial Major Improvement Bond Issuance Costs</i>			
Delinquency and Prepayment Reserve Fund	\$ 937,500	\$ -	\$ 937,500
Debt Service Reserve Fund	3,201,440	-	3,201,440
Capitalized Interest	4,717,708	-	4,717,708
Underwriter Discount	1,125,000	-	1,125,000
Cost of Issuance	1,875,000	-	1,875,000
	<u>\$ 11,856,648</u>	<u>\$ -</u>	<u>11,856,648</u>
<i>Additional Major Improvement Bond Issuance Costs^[d]</i>			
Delinquency and Prepayment Reserve Fund	\$ -	\$ 445,550	\$ 445,550
Debt Service Reserve Fund	-	1,513,540	1,513,540
Underwriter Discount	-	535,162	535,162
Cost of Issuance	-	891,100	891,100
	<u>\$ -</u>	<u>3,385,352</u>	<u>3,385,352</u>
<i>District Formation Expenses</i>			
District Formation Expenses	50,000	50,000	100,000
	<u>\$ 50,000</u>	<u>50,000</u>	<u>100,000</u>
<i>Other Costs</i>			
Deposit to Administrative Fund	45,000	35,000	80,000
	<u>\$ 45,000</u>	<u>\$ 35,000</u>	<u>\$ 80,000</u>
Total Uses of Funds	\$ 45,791,846	\$ 32,334,221	\$ 78,126,067

Footnotes:

[a] Remaining reimbursement to the developer pursuant to the Reimbursement Agreement that shall be paid with Annual Installments of Additional Major Improvement Assessments or may be financed by the issuance of future PID Bonds.

[b] Non-District sources are lawfully available revenue of the City to be contributed to pay or reimburse certain costs of the Authorized Improvements and will not be utilized to buydown the Initial Major Improvement Assessment or the Additional Major Improvement Assessment. The sources are to be paid as a direct reimbursement for costs.

[c] Non-reimbursable to the Owner/Developer through PID Bonds, the Initial Major Improvement Assessments, or the Additional Major Improvement Assessments.

[d] Estimated, subject to change.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

		Units/Sq. Ft. ^(c)	Estimated Buildout Value ^(c)		Initial Major Improvement Assessment		Additional Major Improvement Assessment ^(d)		Total Maximum Assessment ^{(a),(d)}		Initial Major Improvement Maximum Annual Installment		Additional Major Improvement Maximum Annual Installment		Total Maximum Annual Installment		Value to Lien Per Appraised Value ^(e)	TRE ^(f)
Lot Type	Function ^(a)		Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total	Per Unit/Sq. Ft.	Total ^(d)		
Lot Type 1	Inline Retail or Food Retail	76,408	\$ 578	\$ 44,140,000	\$ 28.25	\$ 2,158,446	\$ 13.43	\$ 1,025,809	\$ 41.67	\$ 3,184,255	\$ 2.461603	\$ 188,086	\$ 1.167589	\$ 89,213	\$ 3.63	\$ 268,212	20.450	\$ 0.607640
Lot Type 2	Mixed Use Building	268,800	\$ 480	\$ 129,125,714	\$ 23.49	\$ 6,314,248	\$ 11.16	\$ 3,000,867	\$ 34.65	\$ 9,315,115	\$ 2.046954	\$ 550,221	\$ 0.970912	\$ 260,981	\$ 3.02	\$ 784,619	1.402	\$ 0.607640
Lot Type 3	Hotel	115	\$ 217,391	\$ 25,000,000	\$ 10,630.44	\$ 1,222,500	\$ 5,052.15	\$ 580,997	\$ 15,682.59	\$ 1,803,497	\$ 926.332224	\$ 106,528	\$ 439.378303	\$ 50,529	\$ 1,365.71	\$ 151,910	1.710	\$ 0.607640
Lot Type 4	Office	194,050	\$ 405	\$ 78,605,385	\$ 19.81	\$ 3,843,804	\$ 9.41	\$ 1,826,781	\$ 29.22	\$ 5,670,584	\$ 1.726089	\$ 334,948	\$ 0.818719	\$ 158,873	\$ 2.54	\$ 477,638	1.074	\$ 0.607640
Lot Type 5	Multi-Family ^(b)	750,000	\$ 653	\$ 490,000,000	\$ 31.95	\$ 23,961,002	\$ 15.18	\$ 11,387,546	\$ 47.13	\$ 35,348,548	\$ 2.783937	\$ 2,087,953	\$ 1.320478	\$ 990,359	\$ 4.10	\$ 2,977,435	0.669	\$ 0.607640
Total			\$ 766,871,099		\$ 37,500,000		\$ 17,822,000		\$ 55,322,000		\$ 3,267,736		\$ 1,549,954		\$ 4,659,813		2.006	\$ 0.607640

Footnotes:

- [a] Buildout Values and Assessments are calculated based on data provided by the Developer. As property develops, if the property use(s) change(s) from the proposed use, a prepayment of an Assessment may be required upon completion of a true up during each Annual Update.
- [b] Lot Type 3 Units equivalent to number of keys.
- [c] Estimated Buildout Value for Lot Types 2, 3, 4, and 5 are per Developer on September 19, 2024 and Lot Type 1 is based on Appraisal dated July 24, 2024.
- [d] The Assessments will be levied as Initial Major Improvement Assessments and Additional Major Improvement Assessments. The Additional Major Improvement Assessments Trigger Date, as defined in the Service and Assessment Plan, determines the Annual Installment Due Date.
- [e] Values per Appraisal dated July 24, 2024. VTL is calculated on Initial Major Improvement Assessment only.
- [f] Lot Type 5 - Multi-Family includes corridor retail.
- [g] The Total PID TRE is less than the sum of the Total Maximum Annual Installment because the Maximum Annual Installment doesn't occur in the same year for the Initial Major Improvements as the Additional Major Improvements.
- [h] TRE excludes any amounts shown as Additional Interest on any Annual Installment schedule herein as Additional Interest is not expected to be collected unless the balance of the Delinquency and Prepayment Reserve Account falls below 2.5% of the outstanding bond par.

EXHIBIT F – TIRZ MAXIMUM ANNUAL CREDIT AMOUNT

Initial Major Improvements Assessment													
Land Use and Initial Major Improvements Assessment							Pre-TIRZ Annual Installment		TIRZ Credit		Post-TIRZ Annual Installment		
Lot Type	Units/Sq. Ft. ^[a]	Total Improved Land Value	AV Per Unit/Square Foot	Total AV	Initial Major Improvements Assessment	Initial Major Improvements Assessment Per Unit	Initial Major Improvements Annual Installment		TIRZ No. 1 Maximum Annual Credit Amount Per Unit	Total Annual TIRZ No. 1 Credit	Initial Major Improvements Annual Installment		
							Per Unit/SqFt	Total			Per Unit/SqFt	Total	
Initial Major Improvements ^[b]													
Lot Type 1	76,408	\$ 6,830,000	\$ 578	\$ 44,140,000	\$ 2,158,446	\$ 28.2490	\$ 2.460	\$ 188,086.200	\$ (2.079)	\$ (158,868.865)	\$ 0.38	\$ 29,217.34	
Lot Type 2	268,800	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 6,314,248	\$ 23.4905	\$ 2.050	\$ 550,221.225	\$ (1.729)	\$ (464,749.786)	\$ 0.32	\$ 85,471.44	
Lot Type 3	115	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 1,222,500	\$ 10,630.4357	\$ 926.330	\$ 106,528.206	\$ (782.436)	\$ (89,980.100)	\$ 143.89	\$ 16,548.11	
Lot Type 4	194,050	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 3,843,804	\$ 19.8083	\$ 1.730	\$ 334,947.625	\$ (1.458)	\$ (282,916.816)	\$ 0.27	\$ 52,030.81	
Lot Type 5	750,000	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 23,961,002	\$ 31.9480	\$ 7.770	\$ 2,087,952.833	\$ (2.351)	\$ (1,763,609.960)	\$ 5.42	\$ 324,342.87	
Total		\$ 37,920,000		\$ 766,871,099	\$ 37,500,000		\$ 3,267,736.09		\$ (2,760,125.53)		\$ 507,610.56		

Additional Major Improvements Assessment													
Land Use and Additional Major Improvements Assessment							Pre-TIRZ Annual Installment		TIRZ Credit ^[d]		Post-TIRZ Annual Installment		
Lot Type	Units/Sq. Ft. ^[a]	Total Improved Land Value	AV Per Unit/Square Foot	Total AV	Additional Major Improvements Assessment	Additional Major Improvements Assessment Per Unit	Additional Major Improvements Annual Installment		TIRZ No. 1 Maximum Annual Credit Amount Per Unit	Total Annual TIRZ No. 1 Credit	Additional Major Improvements Annual Installment		
							Per Unit/SqFt	Total			Per Unit/SqFt	Total	
Additional Major Improvements ^[c]													
Lot Type 1	76,408	\$ 6,830,000	\$ 578	\$ 44,140,000	\$ 1,025,809	\$ 13.4300	\$ 1.1676	\$ 89,213	\$ -	\$ -	\$ 1.17	\$ 89,213.13	
Lot Type 2	268,800	\$ 8,850,000	\$ 480	\$ 129,125,714	\$ 3,000,867	\$ 11.1600	\$ 0.9709	\$ 260,981	\$ -	\$ -	\$ 0.97	\$ 260,981.17	
Lot Type 3	115	\$ 2,090,000	\$ 217,391	\$ 25,000,000	\$ 580,997	\$ 5,052.1500	\$ 439.3783	\$ 50,529	\$ -	\$ -	\$ 439.38	\$ 50,528.50	
Lot Type 4	194,050	\$ 4,130,000	\$ 405	\$ 78,605,385	\$ 1,826,781	\$ 9.4100	\$ 0.8187	\$ 158,873	\$ -	\$ -	\$ 0.82	\$ 158,872.50	
Lot Type 5	750,000	\$ 16,020,000	\$ 653	\$ 490,000,000	\$ 11,387,546	\$ 15.1800	\$ 1.3205	\$ 990,359	\$ -	\$ -	\$ 1.32	\$ 990,358.69	
		\$ 37,920,000		\$ 766,871,099	\$ 17,822,000		\$ 1,549,954.00		\$ -		\$ 1,549,954.00		

Footnotes:

[a] Lot Type 3 Units equivalent to number of keys.

[b] The TIRZ No. 1 Annual Credit for the Initial Major Improvements is calculated on the Initial Major Improvements Annual Installment.

[c] The TIRZ No. 1 Annual Credit for the Additional Major Improvements is calculated on the Additional Major Improvements Annual Installment.

EXHIBIT G-1 – INITIAL MAJOR IMPROVEMENT ASSESSMENT ROLL

City of Friendswood - City Center PID Initial Major Improvement Assessment Roll ^[e]											
Property ID	Address	Lot Type	Acres	Initial Major Improvement Outstanding Assessment ^[a]	(1) Principal ^[f]	(2) Interest ^[b]	(3) Capitalized Interest	(4) Additional Interest ^[c]	(5) Annual Collection Costs ^[d]	(5) Initial Major Improvements Annual Installment Due 1/31/2025 ^[e]	(5) Initial Major Improvements Annual Installment Due 1/31/2025 ^[e]
1413970000003	FM 528 RD	Non Benefited	7.6699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1413970000001	3680 FM 528 RD	Non Benefited	3.0199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0432150000130	3801 E FM 528 RD	Initial Parcel	95.7822	\$ 37,500,000.04	\$ -	\$ 2,092,708.00	\$ (2,092,708.00)	\$ 187,500.00	\$ -	\$ -	\$ -
Total			106.4720	\$ 37,500,000.04	\$ -	\$ 2,092,708.00	\$ (2,092,708.00)	\$ 187,500.00	\$ -	\$ -	\$ -

Footnotes:

[a] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[b] Interest is calculated at the rate of the Initial Major Improvement Bonds. Principal on the Initial Major Assessment Bonds is paid by Capitalized Interest for the installment due 1/31/2025. Interest for each year of the life of the Initial Major Improvement Assessment is depicted in **Exhibit G-3**.

[c] Additional Interest included; however Additional Interest shall be collected if the Delinquency and Prepayment Reserve Fund falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] Annual Collection Costs will be assessed each year based on actual costs to administer the District.

[e] The Initial Major Improvement Assessment Roll depicted here shows the Initial Major Improvement Assessment due 1/31/2025. The levy of the Initial Major Improvement Assessment is for a period of 30 years beginning in 2025 through 2054 in the total principal amount of \$37,500,000.00 plus interest on the Initial Major Improvement Bonds, Additional Interest and Annual Collection Costs. **Exhibit G-3** identifies the levy of the Initial Major Improvement Assessments over this period with interest on the Initial Major Improvement Bonds, Annual Collection Costs and Additional Interest. **Exhibit G-3** Initial Major Improvement Annual Installments is hereby incorporated into this **Exhibit G-1**.

[f] There is no principal payment of Assessment due 1/31/2025. Principal due each year for the life of the Initial Major Improvement Assessment is depicted in **Exhibit G-3**.

EXHIBIT G-2 – ADDITIONAL MAJOR IMPROVEMENT ASSESSMENT ROLL

Property ID	Address	Lot Type	Acres	Additional Major Improvement Outstanding Assessment ^[a]	Principal	Interest ^[c]	Capitalized Interest	Additional Interest ^[d]	Annual Collection Costs ^[d]	Additional Major Improvements Annual Installment Due 1/31/2025 ^{[a],[b]}
1413970000003	FM 528 RD	Non Benefited	7.6699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1413970000001	3680 FM 528 RD	Non Benefited	3.0199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0432150000130	3801 E FM 528 RD	Initial Parcel	95.7822	\$ 17,822,000.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total			106.4720	\$ 17,822,000.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Footnotes:

[a] Totals may not match the total Outstanding Assessment and Annual Installment due to rounding.

[b] The Additional Major Improvement Assessments Trigger Date defined in the Service and Assessment Plan determines the Annual Installment Due Date for the Additional Major Improvement Assessments.

[c] Interest will accrue on the Additional Major Improvement Assessment at a rate of 7.00% prior to the issuance of Additional Major Improvement Bonds. Upon on the issuance of Additional Major Improvement Bonds, the interest rate will adjust to the rate on such PID Bonds plus Additional Interest.

[d] Annual Collection Costs will be assessed each year based on actual costs to administer the District.

EXHIBIT G-3 – ANNUAL INSTALLMENTS

	Initial Major Improvement Bonds								Additional Major Improvement Reimbursement Obligation ^[a]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[e]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due		
2025	\$ -	\$ 2,092,708	\$ (2,092,708)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,110	\$ -	\$ -		
2026	\$ -	\$ 2,625,000	\$ (2,625,000)	\$ 45,900	\$ 187,500	\$ -	\$ 45,900	\$ -	\$ -	\$ 35,700	\$ -	\$ 89,110	\$ 35,700	\$ 81,600		
2027	\$ 438,000	\$ 2,625,000	\$ -	\$ 46,818	\$ 187,500	\$ -	\$ 3,109,818	\$ 266,000	\$ 1,247,540	\$ 36,414	\$ -	\$ 89,110	\$ 1,549,954	\$ 4,659,772		
2028	\$ 469,000	\$ 2,594,340	\$ -	\$ 47,754	\$ 185,310	\$ -	\$ 3,111,094	\$ 282,000	\$ 1,228,920	\$ 37,142	\$ -	\$ 87,780	\$ 1,548,062	\$ 4,659,157		
2029	\$ 504,000	\$ 2,561,510	\$ -	\$ 48,709	\$ 182,965	\$ -	\$ 3,114,219	\$ 298,000	\$ 1,209,180	\$ 37,885	\$ -	\$ 86,370	\$ 1,545,065	\$ 4,659,285		
2030	\$ 540,000	\$ 2,526,230	\$ -	\$ 49,684	\$ 180,445	\$ -	\$ 3,115,914	\$ 316,000	\$ 1,188,320	\$ 38,643	\$ -	\$ 84,880	\$ 1,542,963	\$ 4,658,876		
2031	\$ 580,000	\$ 2,488,430	\$ -	\$ 50,677	\$ 177,745	\$ -	\$ 3,119,107	\$ 335,000	\$ 1,166,200	\$ 39,416	\$ -	\$ 83,300	\$ 1,540,616	\$ 4,659,723		
2032	\$ 622,000	\$ 2,447,830	\$ -	\$ 51,691	\$ 174,845	\$ -	\$ 3,121,521	\$ 355,000	\$ 1,142,750	\$ 40,204	\$ -	\$ 81,625	\$ 1,537,954	\$ 4,659,475		
2033	\$ 668,000	\$ 2,404,290	\$ -	\$ 52,725	\$ 171,735	\$ -	\$ 3,125,015	\$ 375,000	\$ 1,117,900	\$ 41,008	\$ -	\$ 79,850	\$ 1,533,908	\$ 4,658,923		
2034	\$ 717,000	\$ 2,357,530	\$ -	\$ 53,779	\$ 168,395	\$ -	\$ 3,128,309	\$ 398,000	\$ 1,091,650	\$ 41,828	\$ -	\$ 77,975	\$ 1,531,478	\$ 4,659,787		
2035	\$ 770,000	\$ 2,307,340	\$ -	\$ 54,855	\$ 164,810	\$ -	\$ 3,132,195	\$ 421,000	\$ 1,063,790	\$ 42,665	\$ -	\$ 75,985	\$ 1,527,455	\$ 4,659,650		
2036	\$ 827,000	\$ 2,253,440	\$ -	\$ 55,952	\$ 160,960	\$ -	\$ 3,136,392	\$ 445,000	\$ 1,034,320	\$ 43,518	\$ -	\$ 73,880	\$ 1,522,838	\$ 4,659,230		
2037	\$ 887,000	\$ 2,195,550	\$ -	\$ 57,071	\$ 156,825	\$ -	\$ 3,139,621	\$ 472,000	\$ 1,003,170	\$ 44,388	\$ -	\$ 71,655	\$ 1,519,558	\$ 4,659,179		
2038	\$ 953,000	\$ 2,133,460	\$ -	\$ 58,212	\$ 152,390	\$ -	\$ 3,144,672	\$ 499,000	\$ 970,130	\$ 45,276	\$ -	\$ 69,295	\$ 1,514,406	\$ 4,659,079		
2039	\$ 1,023,000	\$ 2,066,750	\$ -	\$ 59,377	\$ 147,625	\$ -	\$ 3,149,127	\$ 529,000	\$ 935,200	\$ 46,182	\$ -	\$ 66,800	\$ 1,510,382	\$ 4,659,508		
2040	\$ 1,099,000	\$ 1,995,140	\$ -	\$ 60,564	\$ 142,510	\$ -	\$ 3,154,704	\$ 559,000	\$ 898,170	\$ 47,105	\$ -	\$ 64,155	\$ 1,504,275	\$ 4,658,979		
2041	\$ 1,180,000	\$ 1,918,210	\$ -	\$ 61,775	\$ 137,015	\$ -	\$ 3,159,985	\$ 592,000	\$ 859,040	\$ 48,047	\$ -	\$ 61,360	\$ 1,499,087	\$ 4,659,073		
2042	\$ 1,267,000	\$ 1,835,610	\$ -	\$ 63,011	\$ 131,115	\$ -	\$ 3,165,621	\$ 627,000	\$ 817,600	\$ 49,008	\$ -	\$ 58,400	\$ 1,493,608	\$ 4,659,229		
2043	\$ 1,361,000	\$ 1,746,920	\$ -	\$ 64,271	\$ 124,780	\$ -	\$ 3,172,191	\$ 663,000	\$ 773,710	\$ 49,989	\$ -	\$ 55,265	\$ 1,486,699	\$ 4,658,890		
2044	\$ 1,462,000	\$ 1,651,650	\$ -	\$ 65,557	\$ 117,975	\$ -	\$ 3,179,207	\$ 702,000	\$ 727,300	\$ 50,988	\$ -	\$ 51,950	\$ 1,480,288	\$ 4,659,495		
2045	\$ 1,570,000	\$ 1,549,310	\$ -	\$ 66,868	\$ 110,665	\$ -	\$ 3,186,178	\$ 743,000	\$ 678,160	\$ 52,008	\$ -	\$ 48,440	\$ 1,473,168	\$ 4,659,346		
2046	\$ 1,686,000	\$ 1,439,410	\$ -	\$ 68,205	\$ 102,815	\$ -	\$ 3,193,615	\$ 787,000	\$ 626,150	\$ 53,048	\$ -	\$ 44,725	\$ 1,466,198	\$ 4,659,813		
2047	\$ 1,812,000	\$ 1,321,390	\$ -	\$ 69,569	\$ 94,385	\$ -	\$ 3,202,959	\$ 831,000	\$ 571,060	\$ 54,109	\$ -	\$ 40,790	\$ 1,456,169	\$ 4,659,128		
2048	\$ 1,946,000	\$ 1,194,550	\$ -	\$ 70,960	\$ 85,325	\$ -	\$ 3,211,510	\$ 880,000	\$ 512,890	\$ 55,191	\$ -	\$ 36,635	\$ 1,448,081	\$ 4,659,592		
2049	\$ 2,091,000	\$ 1,058,330	\$ -	\$ 72,380	\$ 75,595	\$ -	\$ 3,221,710	\$ 930,000	\$ 451,290	\$ 56,295	\$ -	\$ 32,235	\$ 1,437,585	\$ 4,659,295		
2050	\$ 2,246,000	\$ 911,960	\$ -	\$ 73,827	\$ 65,140	\$ -	\$ 3,231,787	\$ 984,000	\$ 386,190	\$ 57,421	\$ -	\$ 27,585	\$ 1,427,611	\$ 4,659,398		
2051	\$ 2,413,000	\$ 754,740	\$ -	\$ 75,304	\$ 53,910	\$ -	\$ 3,243,044	\$ 1,040,000	\$ 317,310	\$ 58,570	\$ -	\$ 22,665	\$ 1,415,880	\$ 4,658,923		
2052	\$ 2,592,000	\$ 585,830	\$ -	\$ 76,810	\$ 41,845	\$ -	\$ 3,254,640	\$ 1,100,000	\$ 244,510	\$ 59,741	\$ -	\$ 17,465	\$ 1,404,251	\$ 4,658,891		
2053	\$ 2,785,000	\$ 404,390	\$ -	\$ 78,346	\$ 28,885	\$ -	\$ 3,267,736	\$ 1,163,000	\$ 167,510	\$ 60,936	\$ -	\$ 11,965	\$ 1,391,446	\$ 4,659,182		
2054	\$ 2,992,000	\$ 209,440	\$ -	\$ 79,913	\$ 14,960	\$ (3,201,440)	\$ 79,913	\$ 1,230,000	\$ 86,100	\$ 62,155	\$ (1,513,540)	\$ 6,150	\$ (135,285)	\$ (55,372)		
Total	\$ 37,500,000	\$ 54,256,288	\$ (4,717,708)	\$ 1,780,564	\$ 3,725,970	\$ (3,201,440)	\$ 85,617,704	\$ 17,822,000	\$ 22,516,060	\$ 1,384,883	\$ (1,513,540)	\$ 1,786,510	\$ 40,209,403	\$ 125,827,106		

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

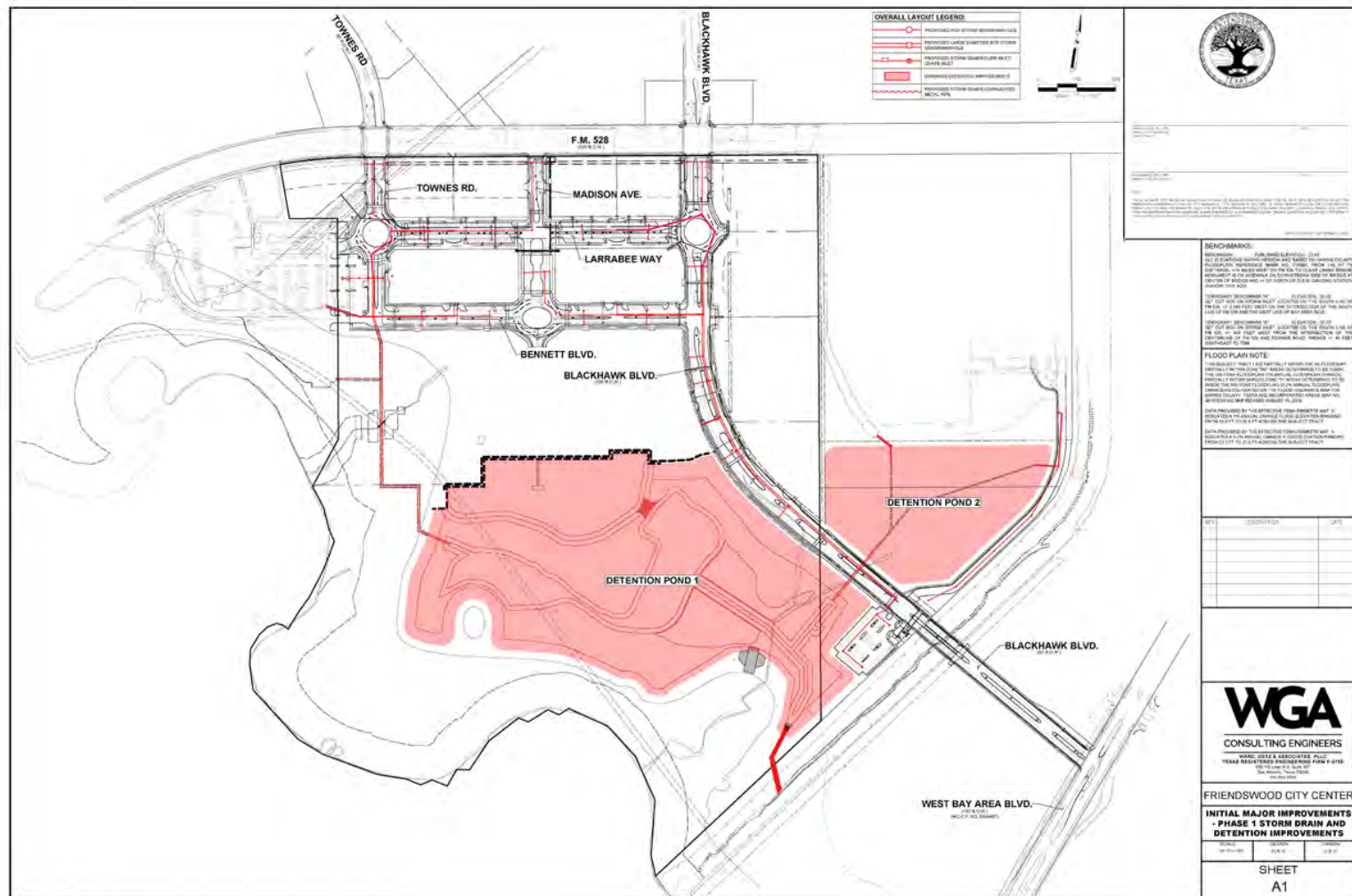
[d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

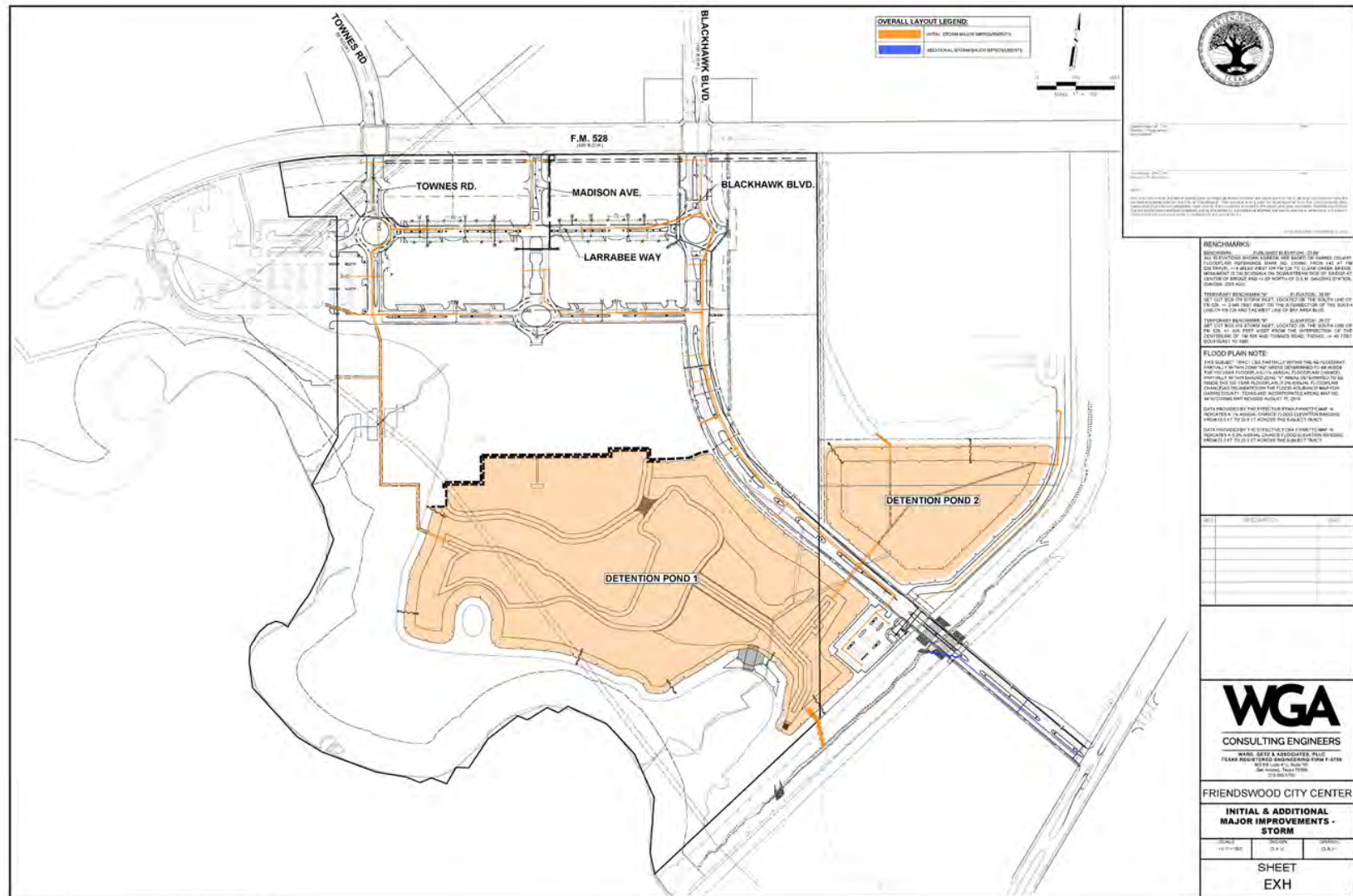
[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

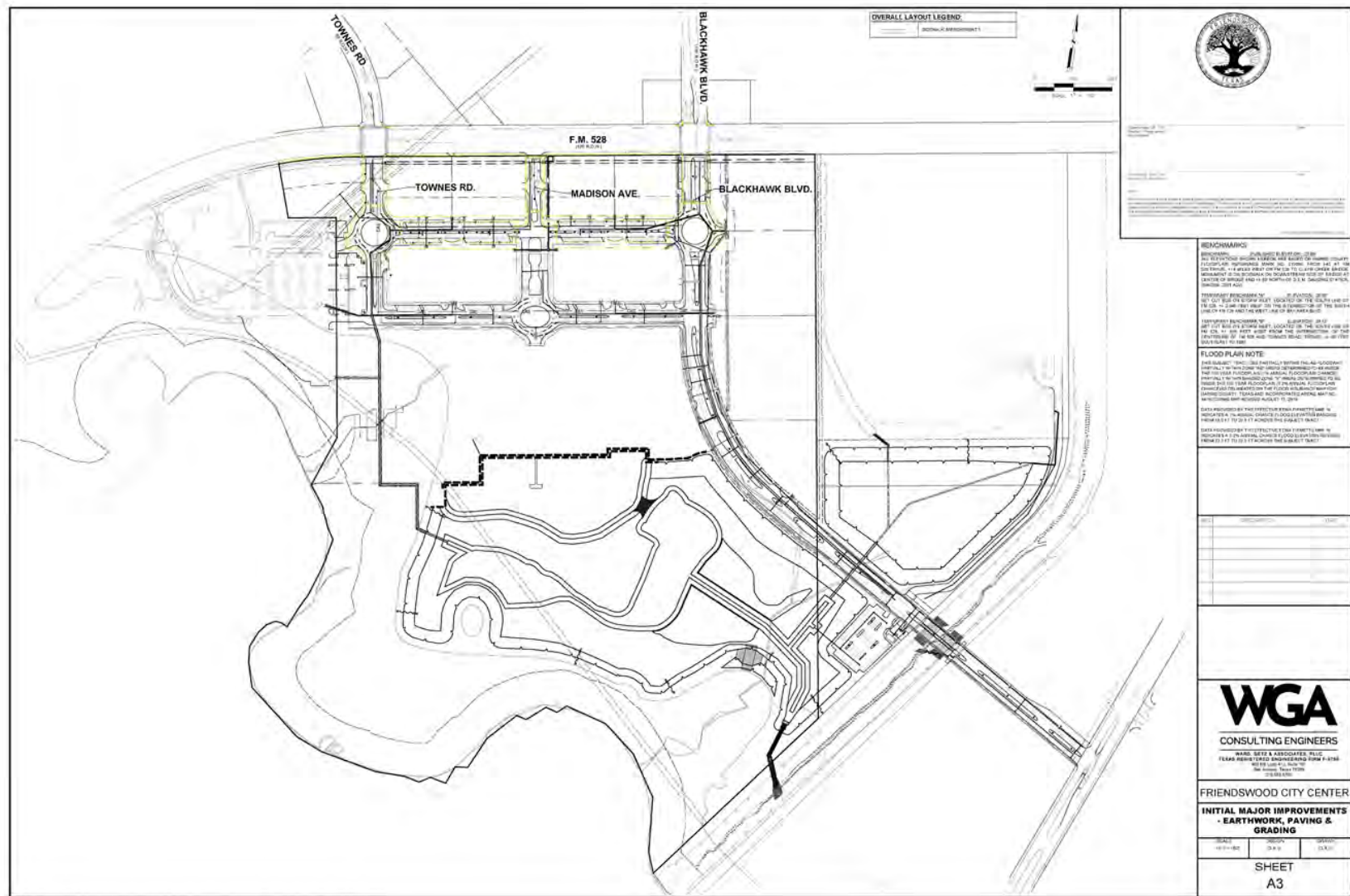
[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

EXHIBIT H – MAPS OF INITIAL MAJOR IMPROVEMENTS AND ADDITIONAL MAJOR IMPROVEMENTS

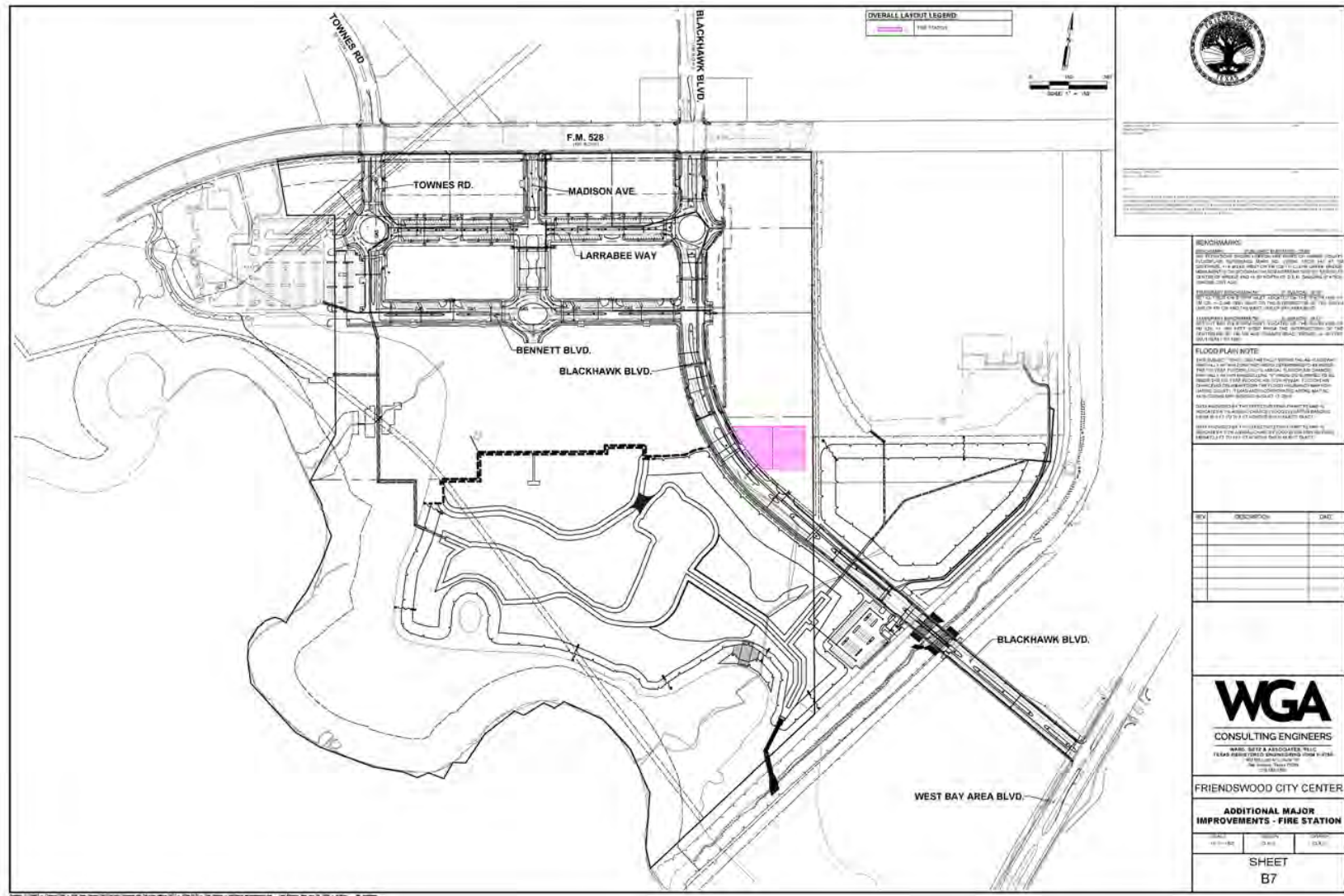












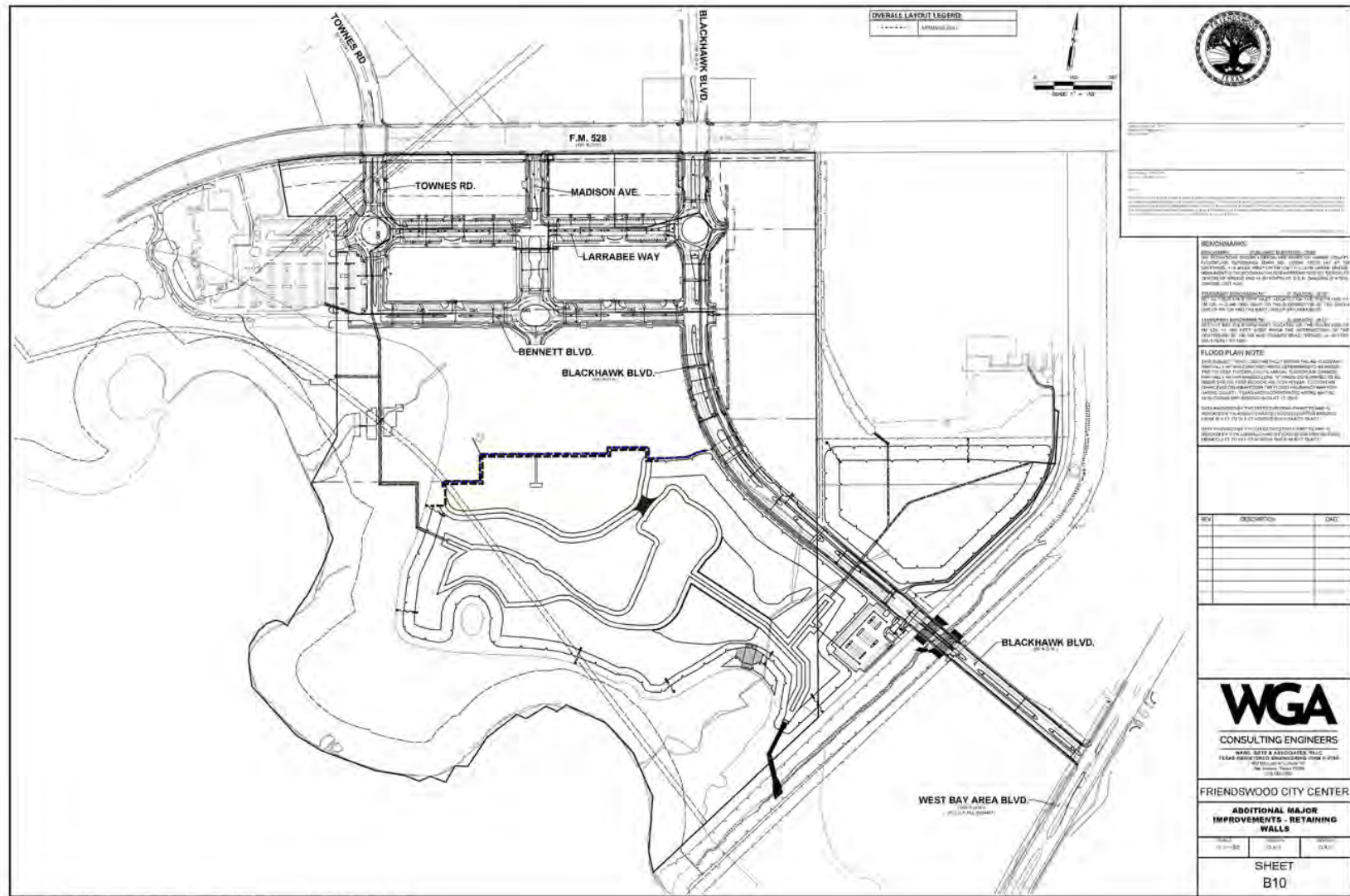


EXHIBIT I – FORM OF NOTICE OF PID ASSESSMENT TERMINATION



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

[Date]
Harris County Clerk's Office
Honorable _____
201 Caroline
Suite 310
Houston, TX 77002

Re: City of Friendswood Lien Release documents for filing

Dear Ms./Mr. _____,

Enclosed is a lien release that the City of Friendswood is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: _____ [Plat]. Please forward copies of the filed documents to my attention:

City of Friendswood
Attn: [City Secretary]
910 S. Friendswood Drive
Friendswood, TX 77546

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
(817) 393-0353
Admin@P3-Works.com
www.P3-Works.com

[City Secretary Name]
[City Secretary Address]

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS §
 § **NOW ALL MEN BY THESE PRESENTS:**
COUNTY OF HARRIS §

RECITALS

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") for the following property: [legal description], a subdivision in Harris County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Harris County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Harris County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said Lien held by the undersigned securing said indebtedness.

EXECUTED to be **EFFECTIVE** this the ____ day of _____, 20__.

CITY OF FRIENDSWOOD, TEXAS,
A Texas home rule municipality,

By: _____
[Manager Name], City Manager

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS	§
	§
COUNTY OF HARRIS	§

This instrument was acknowledged before me on the ____ day of _____, 20__, by [City Manager], for the City of Friendswood, Texas, a Texas home rule municipality, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT J – DEBT SERVICE SCHEDULE FOR INITIAL MAJOR IMPROVEMENT BONDS

Preliminary, Subject to Change
For Discussion and Illustrative Purposes Only

City of Friendswood, Texas
Special Assessment Revenue Bonds, Series 2024
(City Center Public Improvement District Initial Major Improvement Area Project)
70% City TRIZ Contribution

Estimated Net Debt Service / Requirements - Initial Major Improvement Area ¹

Maturity	Maximum Annual Installments	Principal	Interest Rate ²	Interest	Debt Service	Capitalized Interest ³	Debt Service Reserve Fund ⁴	Net Debt Service ⁵	Additional Interest ⁶	PID Admin Fee ⁷	Net Initial MIA Annual Requirements ⁸
9/1/2024	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9/1/2025	4,659,929	-	7.000%	2,092,708	2,092,708	2,092,708	-	-	-	-	-
9/1/2026	4,659,929	-	7.000%	2,625,000	2,625,000	2,625,000	-	-	-	45,900	45,900
9/1/2027	4,659,929	438,000	7.000%	2,625,000	3,063,000	-	-	3,063,000	-	46,818	3,109,818
9/1/2028	4,659,929	469,000	7.000%	2,594,340	3,063,340	-	-	3,063,340	-	47,754	3,111,094
9/1/2029	4,659,929	504,000	7.000%	2,561,510	3,065,510	-	-	3,065,510	-	48,709	3,114,219
9/1/2030	4,659,929	540,000	7.000%	2,526,230	3,066,230	-	-	3,066,230	-	49,684	3,115,914
9/1/2031	4,659,929	580,000	7.000%	2,488,430	3,068,430	-	-	3,068,430	-	50,677	3,119,107
9/1/2032	4,659,929	622,000	7.000%	2,447,830	3,069,830	-	-	3,069,830	-	51,691	3,121,521
9/1/2033	4,659,929	668,000	7.000%	2,404,290	3,072,290	-	-	3,072,290	-	52,725	3,125,015
9/1/2034	4,659,929	717,000	7.000%	2,357,530	3,074,530	-	-	3,074,530	-	53,779	3,128,309
9/1/2035	4,659,929	770,000	7.000%	2,307,340	3,077,340	-	-	3,077,340	-	54,855	3,132,195
9/1/2036	4,659,929	827,000	7.000%	2,253,440	3,080,440	-	-	3,080,440	-	55,952	3,136,392
9/1/2037	4,659,929	887,000	7.000%	2,195,550	3,082,550	-	-	3,082,550	-	57,071	3,139,621
9/1/2038	4,659,929	953,000	7.000%	2,133,460	3,086,460	-	-	3,086,460	-	58,212	3,144,672
9/1/2039	4,659,929	1,023,000	7.000%	2,066,750	3,089,750	-	-	3,089,750	-	59,377	3,149,127
9/1/2040	4,659,929	1,099,000	7.000%	1,995,140	3,094,140	-	-	3,094,140	-	60,564	3,154,704
9/1/2041	4,659,929	1,180,000	7.000%	1,918,210	3,098,210	-	-	3,098,210	-	61,775	3,159,985
9/1/2042	4,659,929	1,267,000	7.000%	1,835,610	3,102,610	-	-	3,102,610	-	63,011	3,165,621
9/1/2043	4,659,929	1,361,000	7.000%	1,746,920	3,107,920	-	-	3,107,920	-	64,271	3,172,191
9/1/2044	4,659,929	1,462,000	7.000%	1,651,650	3,113,650	-	-	3,113,650	-	65,557	3,179,207
9/1/2045	4,659,929	1,570,000	7.000%	1,549,310	3,119,310	-	-	3,119,310	-	66,868	3,186,178
9/1/2046	4,659,929	1,686,000	7.000%	1,439,410	3,125,410	-	-	3,125,410	-	68,205	3,193,615
9/1/2047	4,659,929	1,812,000	7.000%	1,321,390	3,133,390	-	-	3,133,390	-	69,569	3,202,959
9/1/2048	4,659,929	1,946,000	7.000%	1,194,550	3,140,550	-	-	3,140,550	-	70,960	3,211,510
9/1/2049	4,659,929	2,091,000	7.000%	1,058,330	3,149,330	-	-	3,149,330	-	72,380	3,221,710
9/1/2050	4,659,929	2,246,000	7.000%	911,960	3,157,960	-	-	3,157,960	-	73,827	3,231,787
9/1/2051	4,659,929	2,413,000	7.000%	754,740	3,167,740	-	-	3,167,740	-	75,304	3,243,044
9/1/2052	4,659,929	2,592,000	7.000%	585,830	3,177,830	-	-	3,177,830	-	76,810	3,254,640
9/1/2053	4,659,929	2,785,000	7.000%	404,390	3,189,390	-	-	3,189,390	-	78,346	3,267,736
9/1/2054	4,659,929	2,992,000	7.000%	209,440	3,201,440	-	3,201,440	-	-	79,913	3,281,353
	\$ 139,797,874	\$ 37,500,000		\$ 54,256,288	\$ 91,756,288	\$ 4,717,708	\$ 3,201,440	\$ 83,837,140	\$ -	\$ 1,780,564	\$ 88,819,144

Notes:

1. Preliminary and subject to change. Subject to approval by the Issuer.
2. Rates are for discussion and illustration purposes only and are preliminary and subject to change.
3. Assumes capitalized interest through September 1, 2026.
4. Sized to 100% of maximum annual debt service.
5. Net of capitalized interest and debt service reserve fund release at maturity.
6. Funded to 2.5% of bond par at closing.
7. Assumes 2.0% annual escalation factor. First year fee is paid at bond closing.
8. Net of capitalized interest but excludes release of debt service reserve fund at maturity.

Prepared by FMSbonds, Inc

3

EXHIBIT K – DISTRICT BOUNDARY DESCRIPTION

Exhibit "A" District Boundaries

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 106.472 acres (4,637,900 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691801, Harris County Map Records (H.C.M.R.); being the residue of a called 135.778 acre tract of land conveyed to Clear Creek Community Church as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. 20150231965; said 106.472 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 09°41'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, at 90.40 feet passing a 5/8-inch iron rod found marking the northeast corner of said Restricted Reserve "A", continuing in all for a total distance of 1,772.42 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of a called 28.9270 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598260; said iron rod for the northeast corner of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line, at 1,289.36 feet passing a 5/8-inch iron rod found marking the westerly common corner of said 28.9270 acre tract and a called 10.0000 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598262, continuing in all for a total distance of 2,190.85 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found on the northwesterly R.O.W. line of a Harris County Flood Control District drainage easement (150 feet wide) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682; said iron rod for the southeast corner of the herein described tract;

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 2 OF 4

THENCE, South 38°20'29" West, along said northwesterly R.O.W. line, a distance of 877.99 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLS, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

North 21°17'29" West, a distance of 80.86 feet to an angle point;
North 04°22'12" West, a distance of 216.80 feet to an angle point;
North 32°41'57" West, a distance of 184.39 feet to an angle point;
North 51°06'03" West, a distance of 159.93 feet to an angle point;
North 74°03'08" West, a distance of 164.71 feet to an angle point;
South 48°02'49" West, a distance of 44.69 feet to an angle point;
North 73°53'13" West, a distance of 47.50 feet to an angle point;
South 49°24'27" West, a distance of 89.87 feet to an angle point;
North 75°14'40" West, a distance of 40.66 feet to an angle point;
South 43°53'50" West, a distance of 146.10 feet to an angle point;
South 25°05'22" West, a distance of 134.50 feet to an angle point;
South 83°33'17" West, a distance of 49.30 feet to an angle point;
South 21°22'27" West, a distance of 73.69 feet to an angle point;
North 77°09'16" West, a distance of 62.96 feet to an angle point;
South 59°48'42" West, a distance of 48.72 feet to an angle point;

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 3 OF 4

North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;
North 27°29'30" East, a distance of 63.48 feet to an angle point;
North 19°02'35" East, a distance of 103.93 feet to an angle point;
North 14°38'12" East, a distance of 53.72 feet to an angle point;
North 13°22'21" West, a distance of 9.00 feet to an angle point;
North 15°04'35" East, a distance of 70.83 feet to an angle point;
North 31°32'46" West, a distance of 52.49 feet to an angle point;

Exhibit "A." Page 3

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METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 4 OF 4

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 106.472 acres (4,637,900 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.L.S Firm No. 10084800
150 W. Shadowbend, Suite 304
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
October 20, 2022

Exhibit "A," Page 4

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APPENDIX A – ENGINEER’S REPORT

[Remainder of page intentionally left blank.]

FRIENDSWOOD CITY CENTER

PUBLIC IMPROVEMENTS DISTRICT (PID)

ENGINEERING REPORT



Ward, Getz and Associates, PLLC

1020 NE Loop 410, Suite 800
San Antonio, TX 78209
(210) 585-3700

WGA Project # 70455-016

September 24, 2024



Friendswood City Center

Public Improvements District (PID) Engineering Report

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<u>Executive Summary</u>	
1. Introduction	1
2. Development Improvements.....	1
3. Development Improvement Descriptions.....	1
4. Development Costs	3
4. Development and Construction Schedule.....	3

Exhibit – E1 Overall P.I.D. Boundary

Appendix A – Initial Major Improvements

Engineer's Opinion of Probable Construction Cost

- A1 – Initial Major Improvements – Phase 1 Storm Drain and Detention Improvements
- A2 – Initial Major Improvements – Larrabee Way & Phase 1 Roadway Improvements
- A3 – Initial Major Improvements – Phase 1 Sidewalk Improvements
- A4 – Initial Major Improvements – Phase 1 FM 528 Intersection Improvements
- A5 – Initial Major Improvements – Sheet Piling Plan and Retaining Wall Improvements

Appendix B– Additional Major Improvements

Engineer's Opinion of Probable Construction Cost

- B1 – Additional Major Improvements – Phase 2 Storm Drain and Detention Improvements
- B2 – Additional Major Improvements – Phase 2 Roadway Improvements
- B3 – Additional Major Improvements – Phase 2 Sidewalk Improvements
- B4 – Additional Major Improvements – Phase 2 Intersection Improvements
- B5 – Additional Major Improvements – Water System
- B6 – Additional Major Improvements – Wastewater System
- B7 – Additional Major Improvements – Fire Station
- B8 – Additional Major Improvements – Park Improvements
- B9 – Additional Major Improvements – Lighting Improvements

Friendswood City Center

Public Improvements District (PID) Engineering Report

1. Introduction

The Friendswood City Center Development proposes that a Public Improvement District (PID) be created to facilitate the development of 124.6 Acres of land along E. F.M. 528 at its intersection of Blackhawk Blvd. in the Harris County portion of Friendswood, TX. The site is within Harris County, adjacent to Clear Creek which is the boundary between Harris and Galveston Counties.

The development will include multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Blvd. to W. Bay Area Blvd., and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties. This report includes supporting documentation related to the formation of a Public Improvements District (PID).

2. Development Improvements

Development improvements have been defined as **Initial Major Improvements** and **Additional Major Improvements**.

The **Initial Major Improvements** are depicted in **Appendix A**, and the **Additional Major Improvements** are depicted in **Appendix B**, of this report.

Development improvements will be designed and constructed in accordance with City of Friendswood Standards and Specifications and will be owned and operated by the City of Friendswood unless otherwise indicated. Development Improvements are depicted below.

3. Development Improvement Descriptions

3.1 Initial Major Improvements - Detention, Roadway, & Storm Drain

Detention & Storm Drain Initial Major Improvements will include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide drainage service to Improvements for Friendswood City Center. Included are two permanent flood control detention ponds, called Detention Pond 1 and Detention Pond 2 respectively, clearing, excavation, piping for inbound and outbound drainage lines and outlet structures for both Detention Pond 1 and Detention Pond 2. Detention Pond 1 Excavation Fill on-site is calculated to be approximately 268,371 CY, Detention Pond 1 Excavation Fill Off-Site is approximately 336,062 CY, and Detention Pond 2 Excavation Fill Off-Site is approximately 105,952 CY. Detention Pond clearing, excavation, and all necessary appurtenances required for the construction of the detention ponds. The two detention ponds are being constructed to account for additional storage capacity for the benefit of the public. Storm improvements are shown below in Appendix 3 and are labeled accordingly as Phase I of the Overall Storm Improvements in the **Initial Major Improvements** Cost Estimate included in Appendix "A". Phase 1 of the Storm Improvements include 314 LF of 12" RCP, 409 LF of 15" RCP, 3,675 LF of 24" RCP, 984 LF of 30" RCP, 1,354 LF of 36" RCP, 485 LF of 42" RCP, 555 LF total of 48" pipe material, 461 LF of 60" RCP, 691 LF of 72" RCP, 1,085 LF of 84" RCP, as well as 773 LF of 6'x6' Reinforced Concrete Precast Boxes.

Initial Major Roadway Improvement items include construction of Phase 1 of an extension of Blackhawk Blvd from F.M. 528 to Larrabee Way which is calculated to be approximately 3,512 SY of roadway construction. Construction of Other Roadway Improvements included in Initial Roadway Improvements, Madison Ave., Townes Rd, and Larrabee Way, are calculated to be approximately 18,094 SY of Roadway Improvement. Initial Major Roadway Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, and construction testing. Proposed sidewalk improvements for the benefit of walkability within the site as well as better access from FM 528 for pedestrian traffic. These sidewalk improvements consist of 3,621 SY of sidewalk considered Phase 1 of the overall sidewalk improvements for the project.

Initial Major Signalization improvements at FM 528 & Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications; as well as adding a southbound left turn lane on Townes Rd. to balance the new (widening) approach to FM 528 northbound from the new development. Initial Major Signalization improvements at FM 528 and Blackhawk Blvd. will include upgrading the existing traffic signal to full operation to current Texas Department of Transportation specifications with the new south leg of the intersection as well as adding a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to FM 528 for access management purposes.

Costs related to designing, constructing, installing, and financing the Initial Major Improvements of Friendswood City Center are outlined in the "Initial Major Improvements – Engineer's Opinion of Probable Costs" contained in Appendix "A" of this report. These costs include land planning, engineering design (*consultant fees*), City fees, soil testing, survey, construction management, legal fees, contingency, inspection fees, district formation costs, and other PID costs. These costs will be initially incurred by the Developer. The City of Friendswood, TX will reimburse the developer per a Tax Reimbursement Investment Zone (TIRZ) Agreement prepared separately.

3.2 Additional Major Improvements

Additional Major Water Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide improvements to Friendswood City Center. There will be 12" water lines constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a 12" water line along Townes Rd. Bennert Blvd. and Larrabee Way will have an 8" water line running across connecting the 12" water lines on Townes Rd. and Blackhawk Blvd.

Additional Major Wastewater Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, and testing among others constructed to the City of Friendswood standards required to provide wastewater service to improvements to Friendswood City Center. Construction will consist of an 8" wastewater lines along Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from an 8" wastewater line to a 12" wastewater line tying into a proposed Sanitary Lift Station south of the site on Blackhawk Blvd. The approximate total amount of wastewater line material will include 1,705 LF of 12" PVC total, and 1,859 LF of 8" PVC total.

A proposed Sanitary Lift Station is slated to cost an estimated \$1,331,000 and will tie into the manhole on West Bay Area Blvd. An existing 8" Sanitary Sewer Line and Sanitary Lift Station that currently service Clear Creek Community Church will be abandoned and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center Sanitary Sewer system near the Blackhawk Blvd and F.M. 528 connection.

Additional Major Signalization Improvements at West Bay Area Blvd. will include a left turn lane addition at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd for access management purposes.

Additional Major Storm Improvements are tabulated in the "Additional Major Improvements Cost Estimate" found in Appendix "B" of this report. These improvements include trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, testing and all necessary appurtenances constructed to the City of Friendswood standards required to provide drainage service to Improvements for Friendswood City Center.

For Additional Major Landscaping, Parks and Amenities Major Improvements see attached Memorandum provided by Diamond Development Group (Titled "Landscape, Parks, and Amenities Friendswood City Center").

Additional Major Improvements will include the construction of an estimated \$8,000,000 fire station for use by the City of Friendswood for the benefit of the public. This fire station will be constructed off Phase 2 of the Blackhawk Blvd. expansion.

Costs related to designing, constructing, installing, and financing the Additional Major Improvements of Friendswood City Center are outlined in the "Additional Major Improvements – Engineer's Opinion of Probable Costs" contained in Appendix "B" of this report. These costs include land planning, engineering design (*/consultant fees*), City fees, soil testing, survey, construction management, legal fees, contingency, inspection fees, district formation costs, and other PID costs. These costs will be initially incurred by the Developer. The City of Friendswood, TX will reimburse the developer per a Tax Reimbursement Investment Zone (TIRZ) Agreement prepared separately

3.3 Public Benefit

The development will provide several benefits to the public including (but not limited to) the construction of multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Blvd. to W. Bay Area Blvd., an extensive park and trail system, pedestrian friendly streets, and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties.

4. Development Costs

An Engineers' Opinion of Probable Cost (OPC) has been prepared for both the **Initial Major improvements** and **Additional Major Improvements** described above and are included as the **Initial Major Improvements Engineer's Opinion of Probable Cost** in **Appendix A** and **Additional Major Improvements Engineer's Opinion of Probable Cost** in **Appendix B**, respectively. The Opinion of Probable Costs are based on contractor pricing, Diamond Development Group's expertise in Landscaping, Parks and amenities, and WGA's reasonable professional judgement and experience and does not constitute a warranty, expressed or implied. Actual costs may vary.

5. Development and Construction Schedule

5.1 Design Stage

The overall site has been designed and the preliminary plat has been approved by the City of Friendswood and City Council. The civil plans are currently under review by the City of Friendswood. The project has received Drainage Approval from Harris County Flood Control District. A final plat has been completed and is currently under review by the City of Friendswood. The city has sufficient sewer and water capacity for the entire project. Contracts have been entered on all reserves on-site.

5.2 Construction Stage

- Initial Major Improvements – Begin Construction: Quarter 2 of 2024; End Construction: Quarter 3 of 2025
- Additional Major Improvements – Begin Construction: Quarter 2 of 2025; End Construction: Quarter 2 of 2026

Thank you for your review of this letter. Should you have any questions or wish to discuss this submittal in detail, please contact me at 210.585.3700 or drasmuson@wga-llp.com.

Sincerely,



Dean W. Rasmuson, PE
Senior Engineering Advisor



1020 NE Loop 410, Ste. 800 | San Antonio, TX 78209
O: 210-586-3700 D: 210-455-1320

APPENDIX A

Initial Major Improvements



FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

CONSTRUCTION COST SUMMARY

UNIT A: POLLUTION PREVENTION AND MISCELLANEOUS *UNIT A NOT INCLUDED IN CONSTRUCTION CONTINGENCY*	\$	102,790
UNIT B: SITE PREPARATION	\$	237,253
UNIT C: CLEARING, GRUBBING, & DEMOLITION	\$	3,226,763
UNIT D: EARTHWORK, PAVING & GRADING	\$	9,734,600
UNIT E: FM 528 TRAFFIC IMPROVEMENTS	\$	1,200,000
UNIT F: DETENTION	\$	8,886,907
UNIT G: STORM DRAINAGE SYSTEM	\$	5,144,261
CONSTRUCTION CONTINGENCIES (13%)	\$	3,695,872
UNIT H: PROFESSIONAL FEES	\$	1,611,721
TOTAL ESTIMATED CONSTRUCTION COST INITIAL MAJOR IMPROVEMENTS	\$	33,840,166

Note: Consultant Engineering Design and other Fees are included in the
"Additional Major Improvements" Cost Estimate found in Report
Appendix "B"

Submitted by:

Dean W. Rasmuson, PE
Sr. Engineering Advisor
F-9756

Notes: 1. All values rounded up to the nearest dollar amount. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT A: POLLUTION PREVENTION AND MISCELLANEOUS					
1.	Reinforced Filter Fabric Fence	LF	15,000	\$ 1.85	\$ 24,750
2.	Submit N.O.I.s & N.O.T.s, Review PPP, and posting of materials on job site.	LS	1	\$ 3,000.00	\$ 3,000
3.	Maintain and Repair RFFF	MO	12	\$ 3,000.00	\$ 36,000
4.	PPP Inspection and Reporting	MO	12	\$ 1,000.00	\$ 12,000
5.	Street Cleaning	HR	200	\$ 65.00	\$ 13,000
6.	Stabilized Construction Exit	EA	2	\$ 3,000.00	\$ 6,000
7.	Type II Filter Dam	EA	2	\$ 2,000.00	\$ 4,000
8.	Inlet Protection, Stage One	EA	19	\$ 80.00	\$ 1,520
9.	Inlet Protection, Stage Two	EA	42	\$ 60.00	\$ 2,520
UNIT A SUB-TOTAL BID					\$ 102,790

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT B: SITE PREPARATION					
1.	Mobilization	LS	1.00	\$ 202,252.85	\$ 202,253
2.	Construction Staking	LS	1.00	\$ 35,000.00	\$ 35,000
UNIT B SUB-TOTAL BID					\$ 237,253

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-018
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT C: CLEARING, GRUBBING, & DEMOLITION					
1.	Light Clearing - Chip and Haul' (including but not limited to removal of trees stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	22.81	\$ 23,207.13	\$ 529,355
2.	Heavy Clearing - Chip and Haul' (including but not limited to removal of tree stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	71.23	\$ 35,885.58	\$ 2,554,704
3.	3" Force Main Removal and Disposal, Complete in place	LF	2,778.18	\$ 25.00	\$ 69,455
4.	12" Waterline Removal and Disposal, Complete in place	LF	2,930.00	\$ 25.00	\$ 73,250
UNIT C SUB-TOTAL BID					\$ 3,226,763

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT D: EARTHWORK, PAVING & GRADING					
1.	Detention Pond 1 Excavation - Fill and Compaction Onsite, complete in place	CY	266,346.26	\$ 7.40	\$ 1,985,762
2a.	Flood - Detention Pond 1 Excavation - Fill Offsite, Complete in Place	CY	207,328.46	\$ 17.00	\$ 3,524,584
2b.	PID - Detention Pond 1 Excavation - Fill Offsite, Complete in Place	CY	128,733.54	\$ 17.00	\$ 2,188,470
3.	Utility Spills - Fill Offsite, Complete in place	CY	11,450	\$ 17.00	\$ 194,650
4.	Blackhawk Blvd Phase 1 - 7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	3,512	\$ 65.00	\$ 228,280
5.	Larrabee Way - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	12,275	\$ 63.00	\$ 773,333
6.	Madison Ave Phase 1 - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	1,543	\$ 60.00	\$ 92,603
7.	Townes Road Phase 1 - 6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	4,276	\$ 60.00	\$ 256,589
8.	6" Reinforced Concrete Curb, Complete in place	LF	7,802	\$ 4.20	\$ 32,768
9.	Blackhawk Blvd Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	3,512	\$ 3.60	\$ 12,643
10.	Larrabee Way Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	12,275	\$ 3.60	\$ 44,190
11.	Madison Ave Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	1,543	\$ 3.60	\$ 5,556
12.	Townes Road Phase 1 - 8" Stabilized Subgrade, Complete in place	SY	4,276	\$ 3.60	\$ 15,395
13.	Phase 1 - 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	3,621	\$ 40.00	\$ 144,840
14.	Phase 1 - 2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	3,621	\$ 2.00	\$ 7,242
15.	Phase 1 - Traffic/Street Name Sign, Complete in Place	EA	10	\$ 3,000.00	\$ 30,000
16.	Phase 1 - Striping, Complete in Place	LS	3,350	\$ 1.55	\$ 5,193
17.	Phase 1 - Wheelchair Ramps	EA	35	\$ 5,500.00	\$ 192,500
UNIT D SUB-TOTAL BID					\$ 9,734,600

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT E: FM 528 TRAFFIC IMPROVEMENTS					
1.	Blackhawk Intersection Signalization Improvements, Complete in place	LS	1	\$ 600,000.00	\$ 600,000
2.	Townes Road Intersection Signalization Improvements, Complete in place	LS	1	\$ 400,000.00	\$ 400,000
3.	Left Turn Lane Southbound at Townes Rd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
4.	Left Turn Lane Southbound at Blackhawk Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
UNIT E SUB-TOTAL BID					\$ 1,200,000

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT F: DETENTION					
1.	Detention Pond 1 - Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCD Standards), Complete in Place	EA	6	\$ 14,500.00	\$ 87,000
2.	Detention Pond 1 - Backslope Swale, Complete in Place	LF	2,850	\$ 5.50	\$ 15,675
3.	Detention Pond 1 - Stabilization Utilizing Flexterra High Performance Flexible Growth Medium (HP-F w/ 1 inch within the first 6 Weeks. All Seeds to Have 95% Germination or Higher	AC	15	\$ 3,500.00	\$ 52,500
4.	Sheet Piling (20 Tall from Top of Bank to Bottom of Pond), Complete in Place	LF	1,400	\$ 3,000.00	\$ 4,200,000
5.	Dewatering	LS	1	\$500,000.00	\$ 500,000
6.	Reinforced Concrete Slope Paving (5" thick per HCFCD Standards), Complete in Place	SY	1,780	\$ 100.00	\$ 178,000
7.	Riprap - Gradation No. 1 (18" thick per HCFCD Standards), Complete in Place	SY	927	\$ 65.00	\$ 60,255
8.	Floatable Collection Screen Structure (Per HCFCD Standards), Complete in Place	LS	1	\$ 75,000.00	\$ 75,000
9.	4' Retaining Wall Cast in Place, Complete in Place	LF	2,800	\$ 500.00	\$ 1,400,000
10.	8' Retaining Wall Cast in Place, Complete in Place	LF	300	\$ 1,000.00	\$ 300,000
11.	PID - Detention Pond 2 Excavation - Fill Offsite, Complete in place	CY	39,928	\$ 18.50	\$ 738,669
12.	PID - Detention Pond 2 Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCD Standards), Complete in Place	EA	2	\$ 14,500.00	\$ 29,000
13.	PID - Detention Pond 2 Backslope Swale, Complete in Place	LF	1,150	\$ 5.50	\$ 6,325
14.	PID - Detention Pond 2 Stabilization Utilizing Standard Hydromulch w/ 1 inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	6	\$ 3,000.00	\$ 17,040
15.	Public Benefit - Detention Pond 2 Excavation - Fill Offsite, Complete in place	CY	66,024	\$ 18.50	\$ 1,221,453
16.	Public Benefit - Stabilization Utilizing Standard Hydromulch w/ 1 inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	2	\$ 3,000.00	\$ 6,000
UNIT F SUB-TOTAL BID					\$ 8,886,907

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

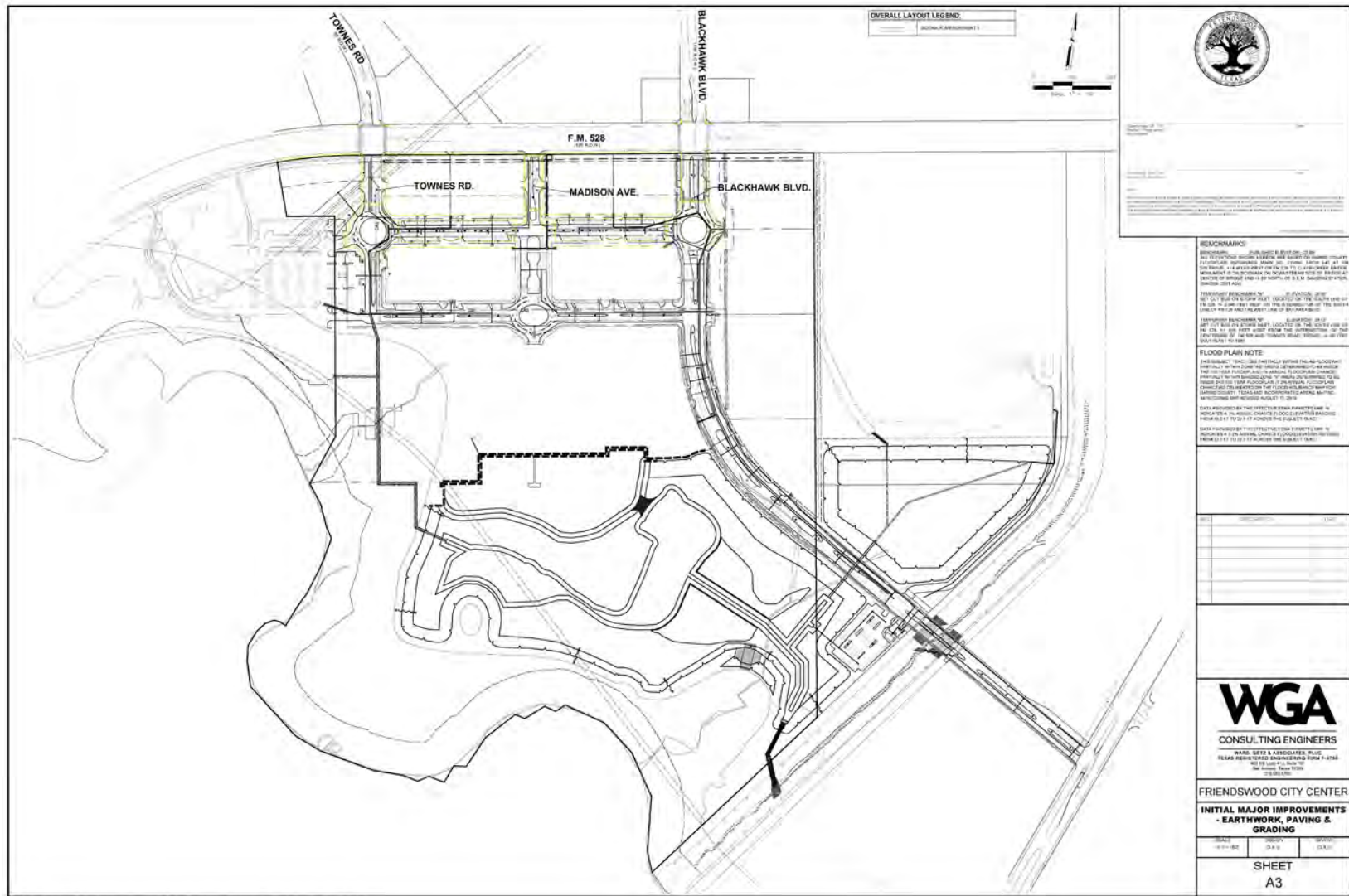
ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT G: STORM DRAINAGE SYSTEM					
1.	Phase 1 - 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	314	\$ 57.50	\$ 18,055
2.	Phase 1 - 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	409	\$ 86.25	\$ 35,276
3.	Phase 1 - 24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	3,675	\$ 115.00	\$ 422,625
4.	Phase 1 - 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	994	\$ 145.00	\$ 144,280
5.	Phase 1 - 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,354	\$ 200.00	\$ 270,800
6.	Phase 1 - 42" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	485	\$ 285.00	\$ 138,225
7.	Phase 1 - 48" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	325	\$ 320.00	\$ 104,000
8.	Phase 1 - 48" CMP (All Cuts), Complete in Place	LF	230	\$ 320.00	\$ 73,600
9.	Phase 1 - 60" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	461	\$ 500.00	\$ 230,500
10.	Phase 1 - 72" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	891	\$ 730.00	\$ 649,430
11.	Phase 1 - 84" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,085	\$ 1,100.00	\$ 1,193,500
12.	Phase 1 - 6'x6' Reinforced Concrete Box, C1433 (All Cuts), Complete in Place	LF	773	\$ 1,250.00	\$ 966,250
13.	Phase 1 - Trench Dewatering	LF	5,035	\$ 35.00	\$ 176,225
14.	Phase 1 - Type "A" Inlet, Complete in Place	EA	13	\$ 5,500.00	\$ 71,500
15.	Phase 1 - Type "B-B" Inlet, Complete in Place	EA	38	\$ 4,500.00	\$ 171,000
16.	Phase 1 - Type "C" Manhole (42" and smaller), Complete in Place	EA	48	\$ 4,500.00	\$ 216,000
17.	Phase 1 - Type "C" Manhole (42" and smaller) w/ Ty-"A" Inlet, Complete in Place	EA	7	\$ 7,500.00	\$ 52,500
18.	Phase 1 - Type "C" Manhole (48"-72"), Complete in Place	EA	13	\$ 8,000.00	\$ 104,000
19.	Phase 1 - Type "C" Manhole (84" and Larger), Complete in Place	EA	15	\$ 15,000.00	\$ 225,000
20.	Phase 1 - OSHA Trench Safety System	LF	10,065	\$ 1.50	\$ 15,095
UNIT G SUB-TOTAL BID					\$ 5,144,281

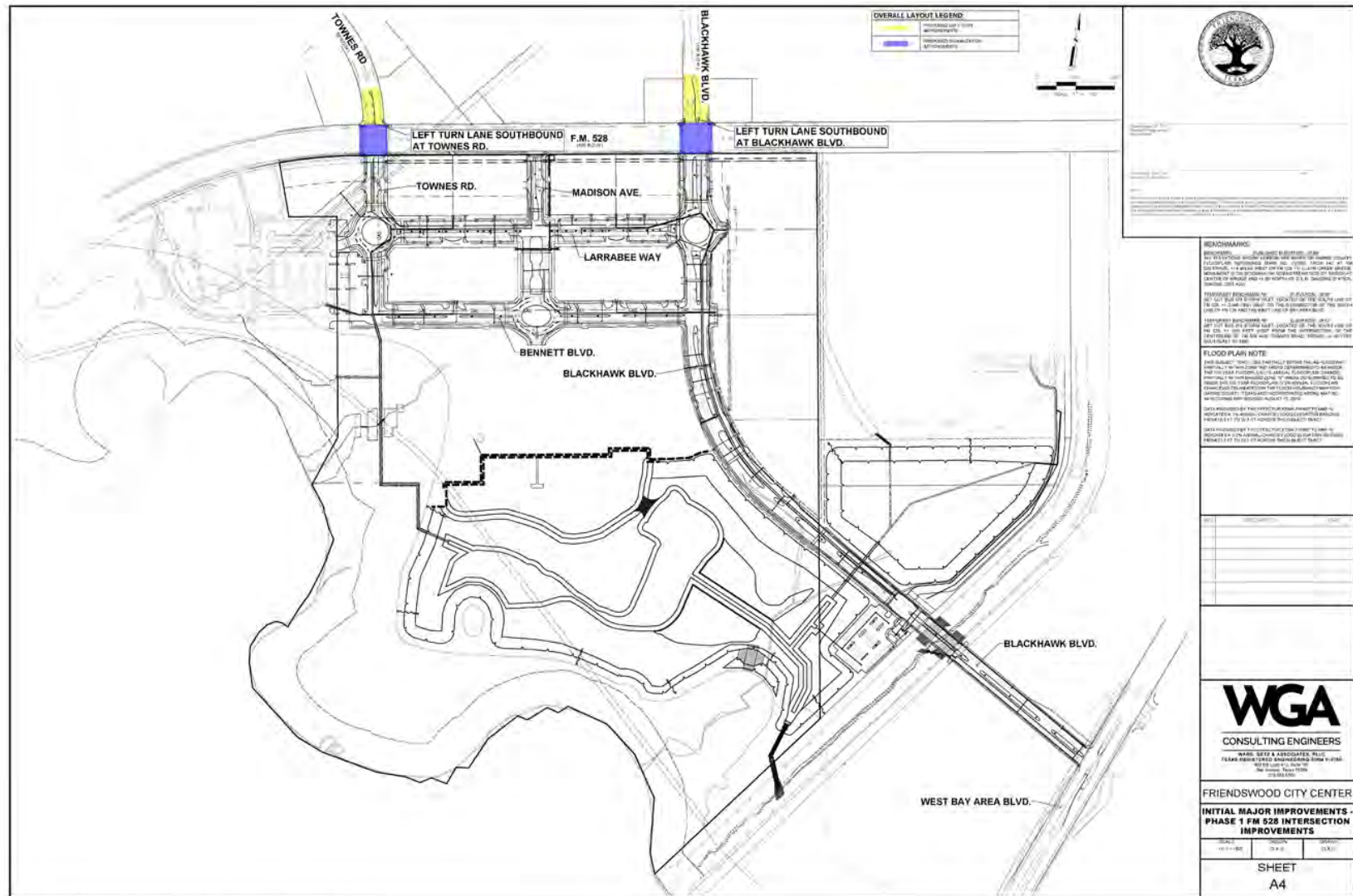
Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 INITIAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
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<u>UNIT H: PROFESSIONAL FEES</u>	Amount
<u>Drainage and Flood Mitigation</u>	
Geotechnical Investigation to date (Riner Engineering)	\$ 26,291
Project Coordination (Tannos Development)	\$ 25,988
Schematic, design, development documents (DDG)	\$ 212,625
Civil Engineering (WGA)	\$ 1,034,600
Security Fencing (American Fence)	\$ 9,983
Land clear to install security fence (All-Tex)	\$ 6,000
Staking for security fence placement (Boundary One)	\$ 1,850
Overhead (12%)	\$ 158,080
Miscellaneous Costs	\$ 136,305
DRAINAGE AND FLOOD FEES ITEMS SUB-TOTAL	\$ 1,611,721
 TOTAL UNIT H: PROFESSIONAL FEES	 \$ 1,611,721

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.





APPENDIX B

Additional Major Improvements



FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT

ADDITIONAL MAJOR IMPROVEMENTS

ENGINEER'S OPINION OF PROBABLE COST

PROJECT NO. 70455-016

9/24/2024

CONSTRUCTION COST SUMMARY

UNIT I: EARTHWORK, PAVING & GRADING	\$	3,400,250
UNIT J: WATER DISTRIBUTION SYSTEM	\$	1,007,036
UNIT K: STORM DRAINAGE SYSTEM	\$	179,101
UNIT L: SANITARY SEWER SYSTEM	\$	862,879
UNIT M: SANITARY LIFT STATION	\$	1,330,700
UNIT N: MISCELLANEOUS - LANDSCAPING	\$	5,597,472
UNIT O: MISCELLANEOUS - CIVIL	\$	3,063,184
UNIT P: FIRE STATION	\$	1,032,520
'ADDITIONAL COST CHARGE TO TIRZ'	\$	
CONSTRUCTION CONTINGENCIES (13%)	\$	2,141,508
UNIT Q: PROFESSIONAL FEES	\$	2,981,848

**TOTAL ESTIMATED CONSTRUCTION COSTS
ADDITIONAL MAJOR IMPROVEMENTS**

\$ 21,596,499

Submitted by:

Dean W. Rasmuson, PE
Sr. Engineering Advisor
F-9756

Notes: 1. All values rounded up to the nearest dollar amount. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT I: EARTHWORK, PAVING & GRADING					
1.	Blackhawk Blvd Phase II - 7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	17,711	\$ 70.00	\$ 1,239,770
2.	Madison Ave Phase II - 6" 4,000 PSI Reinforced Concrete Pavement, complete in place.	SY	3,114	\$ 65.00	\$ 202,442
3.	Townes Road Phase II - 6" 4,000 PSI Reinforced Concrete Pavement, complete in place.	SY	4,723	\$ 65.00	\$ 306,990
4.	Bennett Blvd Phase II - 6" 4,000 PSI Reinforced Concrete Pavement complete in place.	SY	11,728	\$ 65.00	\$ 762,310
5.	6" Reinforced Concrete Curb, Complete in place	LF	24,263	\$ 4.20	\$ 101,905
6.	Blackhawk Blvd Phase II - 8" Stabilized Subgrade, complete in place	SY	17,711	\$ 3.60	\$ 63,760
7.	Madison Ave Phase II - 8" Stabilized Subgrade, complete in place.	SY	3,114	\$ 3.60	\$ 11,212
8.	Townes Road Phase II - 8" Stabilized Subgrade, complete in place.	SY	4,723	\$ 3.60	\$ 17,003
9.	Bennett Blvd Phase II - 8" Stabilized Subgrade, complete in place.	SY	11,728	\$ 3.60	\$ 42,220
10.	Phase II - 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	7,463	\$ 40.00	\$ 298,520
11.	Phase II - 2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	7,463	\$ 2.00	\$ 14,926
12.	Phase II - Traffic/Street Name Sign, Complete in Place	EA	27	\$ 3,000.00	\$ 81,000
13.	Phase II - Striping, Complete in Place	LS	3,350	\$ 1.55	\$ 5,193
14.	Phase II - Wheelchair Ramps	EA	46	\$ 5,500.00	\$ 253,000
UNIT I SUB-TOTAL BID					\$ 3,400,250

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT J: WATER DISTRIBUTION SYSTEM					
1.	12" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	4,851	\$ 80.00	\$ 388,880
2.	10" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	162	\$ 55.00	\$ 8,910
3.	8" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	1,748	\$ 50.00	\$ 87,400
4.	1.5" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	87	\$ 30.00	\$ 2,610
5.	12" Jack and Bore, Complete in Place	LF	55	\$ 175.00	\$ 9,625
6.	12" Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000
7.	12" Wef Connection, Complete in Place	EA	3	\$ 2,400.00	\$ 7,200
8.	1.5" Plug and Clamp, Complete in Place	EA	1	\$ 200.00	\$ 200
9.	1.5" Meter, Complete in Place	EA	1	\$ 5,000.00	\$ 5,000
10.	1.5" Double Check Backflow Preventor, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500
11.	Fire Hydrant incl. Valve and Tee, Complete in Place	EA	14	\$ 7,500.00	\$ 105,000
12.	12" Gate Valve & Box, Complete in Place	EA	18	\$ 3,700.00	\$ 66,600
13.	10" Gate Valve & Box, Complete in Place	EA	6	\$ 3,000.00	\$ 18,000
14.	10" Plug and Clamp, Complete in Place	EA	2	\$ 1,200.00	\$ 2,400
15.	8" Gate Valve & Box, Complete in Place	EA	16	\$ 2,100.00	\$ 33,600
16.	8" Plug and Clamp, Complete in Place	EA	8	\$ 1,000.00	\$ 8,000
17.	1.5" Gate Valve & Box, Complete in Place	EA	1	\$ 572.00	\$ 572
18.	OSHA Trench Safety System	LF	7,026	\$ 1.50	\$ 10,539
UNIT J SUB-TOTAL BID					\$ 1,007,036

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT K: STORM DRAINAGE SYSTEM					
1.	Phase II - 24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	709	\$ 115.00	\$ 81,535
2.	Phase II - 48" CMP (All Cuts), Complete in Place	LF	125	\$ 320.00	\$ 40,000
3.	Phase II - Trench Dewatering	LF	709	\$ 35.00	\$ 24,815
4.	Phase II - Type "B-B" Inlet, Complete in Place	EA	4	\$ 4,500.00	\$ 18,000
5.	Phase II - Type "C" Manhole (42" and smaller), Complete in Place	EA	3	\$ 4,500.00	\$ 13,600
6.	Phase II - OSHA Trench Safety System	LF	834	\$ 1.50	\$ 1,251
UNIT K SUB-TOTAL BID					\$ 179,101

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT L: SANITARY SEWER SYSTEM					
1.	12" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,122	\$ 85.00	\$ 95,370
2.	12" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	583	\$ 100.00	\$ 58,300
3.	8" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,256	\$ 50.00	\$ 62,800
4.	8" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	603	\$ 65.00	\$ 39,195
5.	Precast Concrete Manhole, Complete in Place	EA	22	\$ 6,000.00	\$ 132,000
6.	Extra Depth for Standard MH 8' - 12' Depth	VF	10	\$ 275.00	\$ 2,750
7.	Extra Depth for Standard MH Over 12' Depth	VF	57	\$ 300.00	\$ 17,100
8.	8" Sanitary Sewer Plug, Complete in Place	EA	25	\$ 1,000.00	\$ 25,000
9.	Trench Dewatering	LF	3,564	\$ 35.00	\$ 124,740
10.	6" Force Main, Complete in Place	LF	935	\$ 45.00	\$ 42,075
11.	8" Force Main Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000
12.	Air Release Valve for 6", Complete in Place	EA	1	\$ 4,000.00	\$ 4,000
13.	6" Force Main Tie Into Existing MH, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500
14.	OSHA Trench Safety System	LF	4,699	\$ 1.50	\$ 7,049
UNIT L SUB-TOTAL BID					\$ 862,879

Notes: 1. All values rounded up to the nearest hundred 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT M: SANITARY LIFT STATION					
1.	Lift Station, Complete in Place	LS	1	\$ 1,250,000.00	\$ 1,250,000
2.	6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	370	\$ 60.00	\$ 22,200
3.	12' Wide 6' Chain Link Gate w/ 2' ft of barbed wire, Complete in place	EA	1	\$ 5,000.00	\$ 5,000
4.	6' Chain Link Fence w/ 2' ft of barbed wire, Complete in place	LF	214	\$ 250.00	\$ 53,500
UNIT M SUB-TOTAL BID					\$1,330,700

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT N: MISCELLANEOUS - LANDSCAPING					
1/	Bath House *	SF	650	\$ 435.00	\$ 282,750
2.	Site Utilities ROW *	EA	16	\$ 850.00	\$ 13,600
3.	Benches/ Admen *	EA	45	\$ 1,650.00	\$ 74,250
4.	Landscape ROW *	EA	1	\$ 2,450,000.00	\$ 2,450,000
5.	Pavers *	SF	35,800	\$ 15.00	\$ 534,000
6.	Decomposed Granite *	CF	80,903	\$ 5.88	\$ 475,707
7.	Concrete Edge Band *	CF	32,361	\$ 8.52	\$ 275,716
8.	Limestone Benches *	LF	56	\$ 1,200.00	\$ 67,200
9.	Landscape *	EA	12,000	\$ 50.00	\$ 600,000
10.	Street Lights w/ foundation, Complete in Place	EA	30	\$ 20,000.00	\$ 600,000
11.	Solar Lighting *	EA	65	\$ 3,450.00	\$ 224,250
UNIT N SUB-TOTAL BID					\$ 5,597,472

* LANDSCAPING, PARK, AND AMMENITY ESTIMATES ON THIS ENGINEER'S
 OPINION OF PROBABLE COST WERE PROVIDED BY DIAMOND
 DEVELOPMENT GROUP.

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
9/24/2024

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT O: MISCELLANEOUS - CIVIL					
1.	Left Turn Lane NorthEastbound at Bay Area Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000
2.	Bridge Westbound (2 lanes) on Blackhawk from Station 27+42.67 to 25+70. Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000
3.	Bridge Eastbound (2 lanes) on Blackhawk from Station 25+72.33 to 27+37.33. Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000
4.	CCISD Road 6" 3,500 PSI Reinforced Concrete Pavement, Complete in place	SY	3,950	\$ 55.00	\$ 217,250
5.	CCISD Road 6" Reinforced Concrete Curb, Complete in place	LF	2,269	\$ 4.20	\$ 9,530
6.	CCISD Road 8" Stabilized Subgrade, Complete in place	SY	4,215	\$ 3.60	\$ 15,174
7.	CCISD Road 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk) Complete in place	SY	244	\$ 40.00	\$ 9,760
8.	CCISD Road 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	321	\$ 80.00	\$ 25,680
9.	CCISD Road 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	416	\$ 100.00	\$ 41,600
10.	CCISD Road 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	222	\$ 145.00	\$ 32,190
11.	CCISD Road 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	85	\$ 200.00	\$ 17,000
12.	CCISD Road Type "C" Manhole (42" and smaller) w/ Ty."A" Inlet, Complete in Place	EA	6	\$ 7,500.00	\$ 45,000
13.	CCISD Road Street Lights w/ foundation, Complete in Place	EA	5	\$ 20,000.00	\$ 100,000
UNIT O SUB-TOTAL, BID					\$ 3,063,184

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
 ADDITIONAL MAJOR IMPROVEMENTS
 ENGINEER'S OPINION OF PROBABLE COST
 PROJECT NO. 70455-016
 9/24/2024

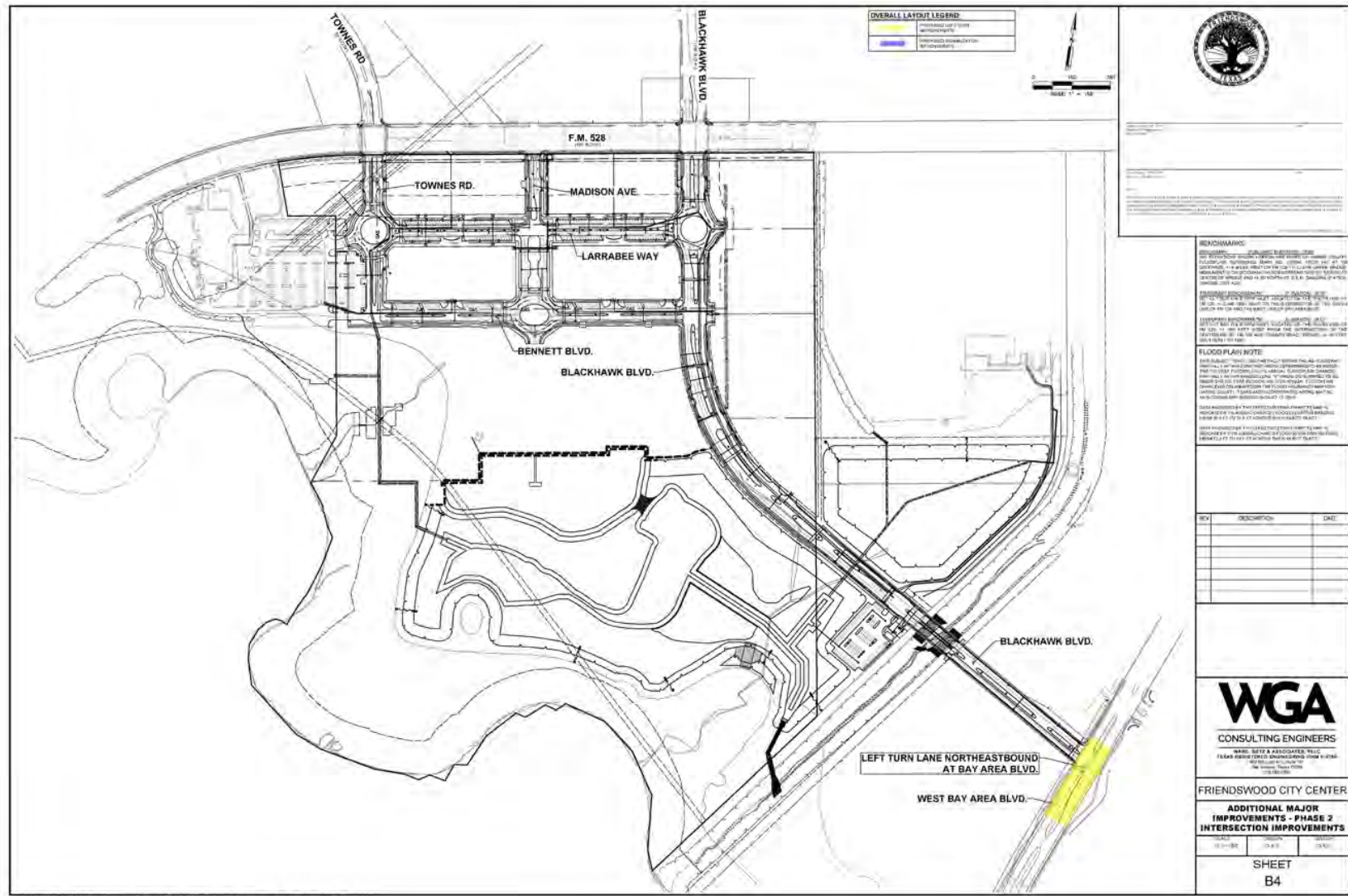
ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
UNIT P: FIRE STATION					
1.	Fire Station	LS	1	\$ 1,032,520.00	\$ 1,032,520
UNIT P SUB-TOTAL BID					\$ 1,032,520

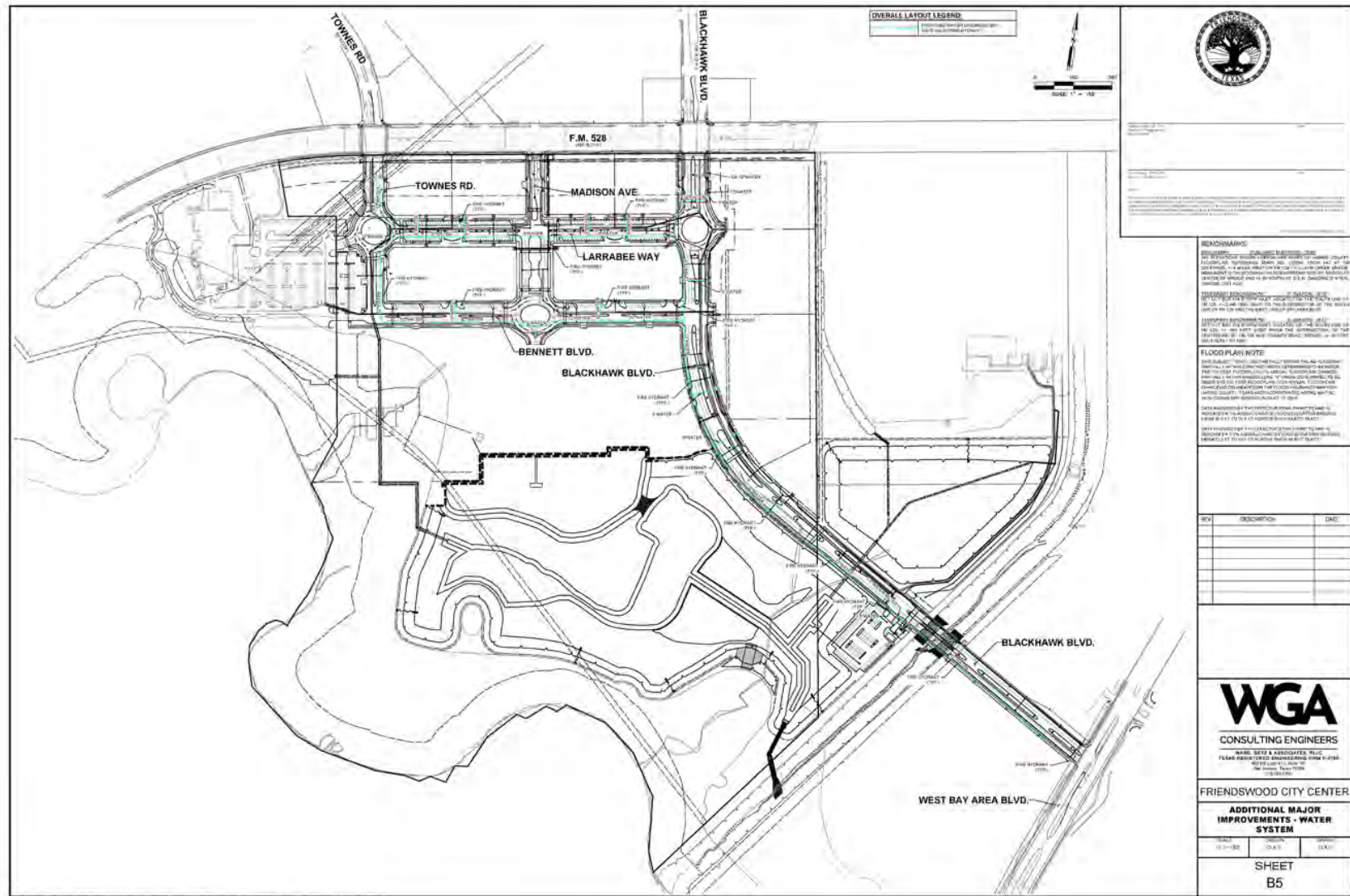
Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.

FRIENDSWOOD CITY CENTER - PUBLIC IMPROVEMENT DISTRICT
ADDITIONAL MAJOR IMPROVEMENTS
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
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<u>UNIT Q: PROFESSIONAL FEES</u>	Amount
<u>Other Engineering & Professional Fees</u>	
Engineering & Surveying through Change Order No. 6	\$ 959,050
Geotechnical Engineering	\$ 47,151
Surveying by Boundary 1	\$ 14,354
Diamond Development Group	\$ 1,861,293
Legal - Wolfgramm	\$ 100,000
PID ITEMS SUB-TOTAL BID	\$ 2,981,848
TOTAL UNIT Q: PROFESSIONAL FEES	\$ 2,981,848

Notes: 1. All values rounded up to the nearest hundred. 2. This estimate is based on my best judgement as a design professional familiar with the construction industry. We cannot and do not guarantee that bids will not vary from this cost estimate.









APPENDIX B – BUYER DISCLOSURES

Forms of the buyer disclosures for the following Lot Types are found in this Appendix:

- o Initial Parcel
- o Lot Type 1
- o Lot Type 2
- o Lot Type 3
- o Lot Type 4
- o Lot Type 5

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE INITIAL PARCEL**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

INITIAL PARCEL PRINCIPAL ASSESSMENT: \$55,322,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS - INITIAL PARCEL

	Initial Major Improvement Bonds							Additional Major Improvement Reimbursement Obligation ^[e]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[a]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due	
2025	\$ -	\$ 2,092,708	\$ (2,092,708)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,110	\$ -	\$ -	
2026	\$ -	\$ 2,625,000	\$ (2,625,000)	\$ 45,900	\$ 187,500	\$ -	\$ 45,900	\$ -	\$ -	\$ 35,700	\$ -	\$ 89,110	\$ 35,700	\$ 81,600	
2027	\$ 438,000	\$ 2,625,000	\$ -	\$ 46,818	\$ 187,500	\$ -	\$ 3,109,818	\$ 266,000	\$ 1,247,540	\$ 36,414	\$ -	\$ 89,110	\$ 1,549,954	\$ 4,659,772	
2028	\$ 469,000	\$ 2,594,340	\$ -	\$ 47,754	\$ 185,310	\$ -	\$ 3,111,094	\$ 282,000	\$ 1,228,920	\$ 37,142	\$ -	\$ 87,780	\$ 1,548,062	\$ 4,659,157	
2029	\$ 504,000	\$ 2,561,510	\$ -	\$ 48,709	\$ 182,965	\$ -	\$ 3,114,219	\$ 298,000	\$ 1,209,180	\$ 37,885	\$ -	\$ 86,370	\$ 1,545,065	\$ 4,659,285	
2030	\$ 540,000	\$ 2,526,230	\$ -	\$ 49,684	\$ 180,445	\$ -	\$ 3,115,914	\$ 316,000	\$ 1,188,320	\$ 38,643	\$ -	\$ 84,880	\$ 1,542,963	\$ 4,658,876	
2031	\$ 580,000	\$ 2,488,430	\$ -	\$ 50,677	\$ 177,745	\$ -	\$ 3,119,107	\$ 335,000	\$ 1,166,200	\$ 39,416	\$ -	\$ 83,300	\$ 1,540,616	\$ 4,659,723	
2032	\$ 622,000	\$ 2,447,830	\$ -	\$ 51,691	\$ 174,845	\$ -	\$ 3,121,521	\$ 355,000	\$ 1,142,750	\$ 40,204	\$ -	\$ 81,625	\$ 1,537,954	\$ 4,659,475	
2033	\$ 668,000	\$ 2,404,290	\$ -	\$ 52,725	\$ 171,735	\$ -	\$ 3,125,015	\$ 375,000	\$ 1,117,900	\$ 41,008	\$ -	\$ 79,850	\$ 1,533,908	\$ 4,658,923	
2034	\$ 717,000	\$ 2,357,530	\$ -	\$ 53,779	\$ 168,395	\$ -	\$ 3,128,309	\$ 398,000	\$ 1,091,650	\$ 41,828	\$ -	\$ 77,975	\$ 1,531,478	\$ 4,659,787	
2035	\$ 770,000	\$ 2,307,340	\$ -	\$ 54,855	\$ 164,810	\$ -	\$ 3,132,195	\$ 421,000	\$ 1,063,790	\$ 42,665	\$ -	\$ 75,985	\$ 1,527,455	\$ 4,659,650	
2036	\$ 827,000	\$ 2,253,440	\$ -	\$ 55,952	\$ 160,960	\$ -	\$ 3,136,392	\$ 445,000	\$ 1,034,320	\$ 43,518	\$ -	\$ 73,880	\$ 1,522,838	\$ 4,659,230	
2037	\$ 887,000	\$ 2,195,550	\$ -	\$ 57,071	\$ 156,825	\$ -	\$ 3,139,621	\$ 472,000	\$ 1,003,170	\$ 44,388	\$ -	\$ 71,655	\$ 1,519,558	\$ 4,659,179	
2038	\$ 953,000	\$ 2,133,460	\$ -	\$ 58,212	\$ 152,390	\$ -	\$ 3,144,672	\$ 499,000	\$ 970,130	\$ 45,276	\$ -	\$ 69,295	\$ 1,514,406	\$ 4,659,079	
2039	\$ 1,023,000	\$ 2,066,750	\$ -	\$ 59,377	\$ 147,625	\$ -	\$ 3,149,127	\$ 529,000	\$ 935,200	\$ 46,182	\$ -	\$ 66,800	\$ 1,510,382	\$ 4,659,508	
2040	\$ 1,099,000	\$ 1,995,140	\$ -	\$ 60,564	\$ 142,510	\$ -	\$ 3,154,704	\$ 559,000	\$ 898,170	\$ 47,105	\$ -	\$ 64,155	\$ 1,504,275	\$ 4,658,979	
2041	\$ 1,180,000	\$ 1,918,210	\$ -	\$ 61,775	\$ 137,015	\$ -	\$ 3,159,985	\$ 592,000	\$ 859,040	\$ 48,047	\$ -	\$ 61,360	\$ 1,499,087	\$ 4,659,073	
2042	\$ 1,267,000	\$ 1,835,610	\$ -	\$ 63,011	\$ 131,115	\$ -	\$ 3,165,621	\$ 627,000	\$ 817,600	\$ 49,008	\$ -	\$ 58,400	\$ 1,493,608	\$ 4,659,229	
2043	\$ 1,361,000	\$ 1,746,920	\$ -	\$ 64,271	\$ 124,780	\$ -	\$ 3,172,191	\$ 663,000	\$ 773,710	\$ 49,989	\$ -	\$ 55,265	\$ 1,486,699	\$ 4,658,890	
2044	\$ 1,462,000	\$ 1,651,650	\$ -	\$ 65,557	\$ 117,975	\$ -	\$ 3,179,207	\$ 702,000	\$ 727,300	\$ 50,988	\$ -	\$ 51,950	\$ 1,480,288	\$ 4,659,495	
2045	\$ 1,570,000	\$ 1,549,310	\$ -	\$ 66,868	\$ 110,665	\$ -	\$ 3,186,178	\$ 743,000	\$ 678,160	\$ 52,008	\$ -	\$ 48,440	\$ 1,473,168	\$ 4,659,346	
2046	\$ 1,686,000	\$ 1,439,410	\$ -	\$ 68,205	\$ 102,815	\$ -	\$ 3,193,615	\$ 787,000	\$ 626,150	\$ 53,048	\$ -	\$ 44,725	\$ 1,466,198	\$ 4,659,813	
2047	\$ 1,812,000	\$ 1,321,390	\$ -	\$ 69,569	\$ 94,385	\$ -	\$ 3,202,959	\$ 831,000	\$ 571,060	\$ 54,109	\$ -	\$ 40,790	\$ 1,456,169	\$ 4,659,128	
2048	\$ 1,946,000	\$ 1,194,550	\$ -	\$ 70,960	\$ 85,325	\$ -	\$ 3,211,510	\$ 880,000	\$ 512,890	\$ 55,191	\$ -	\$ 36,635	\$ 1,448,081	\$ 4,659,592	
2049	\$ 2,091,000	\$ 1,058,330	\$ -	\$ 72,380	\$ 75,595	\$ -	\$ 3,221,710	\$ 930,000	\$ 451,290	\$ 56,295	\$ -	\$ 32,235	\$ 1,437,585	\$ 4,659,295	
2050	\$ 2,246,000	\$ 911,960	\$ -	\$ 73,827	\$ 65,140	\$ -	\$ 3,231,787	\$ 984,000	\$ 386,190	\$ 57,421	\$ -	\$ 27,585	\$ 1,427,611	\$ 4,659,398	
2051	\$ 2,413,000	\$ 754,740	\$ -	\$ 75,304	\$ 53,910	\$ -	\$ 3,243,044	\$ 1,040,000	\$ 317,310	\$ 58,570	\$ -	\$ 22,665	\$ 1,415,880	\$ 4,658,923	
2052	\$ 2,592,000	\$ 585,830	\$ -	\$ 76,810	\$ 41,845	\$ -	\$ 3,254,640	\$ 1,100,000	\$ 244,510	\$ 59,741	\$ -	\$ 17,465	\$ 1,404,251	\$ 4,658,891	
2053	\$ 2,785,000	\$ 404,390	\$ -	\$ 78,346	\$ 28,885	\$ -	\$ 3,267,736	\$ 1,163,000	\$ 167,510	\$ 60,936	\$ -	\$ 11,965	\$ 1,391,446	\$ 4,659,182	
2054	\$ 2,992,000	\$ 209,440	\$ -	\$ 79,913	\$ 14,960	\$ (3,201,440)	\$ 79,913	\$ 1,230,000	\$ 86,100	\$ 62,155	\$ (1,513,540)	\$ 6,150	\$ (135,285)	\$ (55,372)	
Total	\$ 37,500,000	\$ 54,256,288	\$ (4,717,708)	\$ 1,780,564	\$ 3,725,970	\$ (3,201,440)	\$ 85,617,704	\$ 17,822,000	\$ 22,516,060	\$ 1,384,883	\$ (1,513,540)	\$ 1,786,510	\$ 40,209,403	\$ 125,827,106	

Footnotes:

[a] Interest is calculated at a rate of 7.00%.

[b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.

[c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.

[d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

[e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.

[f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.

[g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER DISCLOSURE LOT TYPE 1

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 1 PRINCIPAL ASSESSMENT: \$41.67 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 1

	Initial Major Improvement Bonds								Additional Major Improvements Reimbursement Obligation ^[c]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[g]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[e]		
2025	\$ -	\$ 1.58	\$ (1.58)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.07	\$ -	\$ -		
2026	\$ -	\$ 1.98	\$ (1.98)	\$ 0.03	\$ 0.14	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.07	\$ 0.03	\$ 0.06		
2027	\$ 0.330	\$ 1.98	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.34	\$ 0.200	\$ 0.94	\$ 0.03	\$ -	\$ 0.07	\$ 1.17	\$ 3.51		
2028	\$ 0.353	\$ 1.95	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.34	\$ 0.212	\$ 0.93	\$ 0.03	\$ -	\$ 0.07	\$ 1.17	\$ 3.51		
2029	\$ 0.380	\$ 1.93	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.35	\$ 0.224	\$ 0.91	\$ 0.03	\$ -	\$ 0.07	\$ 1.16	\$ 3.51		
2030	\$ 0.407	\$ 1.90	\$ -	\$ 0.04	\$ 0.14	\$ -	\$ 2.35	\$ 0.238	\$ 0.90	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2031	\$ 0.437	\$ 1.87	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.252	\$ 0.88	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2032	\$ 0.469	\$ 1.84	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.267	\$ 0.86	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2033	\$ 0.503	\$ 1.81	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.35	\$ 0.282	\$ 0.84	\$ 0.03	\$ -	\$ 0.06	\$ 1.16	\$ 3.51		
2034	\$ 0.540	\$ 1.78	\$ -	\$ 0.04	\$ 0.13	\$ -	\$ 2.36	\$ 0.300	\$ 0.82	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2035	\$ 0.580	\$ 1.74	\$ -	\$ 0.04	\$ 0.12	\$ -	\$ 2.36	\$ 0.317	\$ 0.80	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2036	\$ 0.623	\$ 1.70	\$ -	\$ 0.04	\$ 0.12	\$ -	\$ 2.36	\$ 0.335	\$ 0.78	\$ 0.03	\$ -	\$ 0.06	\$ 1.15	\$ 3.51		
2037	\$ 0.668	\$ 1.65	\$ -	\$ 0.04	\$ 0.12	\$ -	\$ 2.37	\$ 0.356	\$ 0.76	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2038	\$ 0.718	\$ 1.61	\$ -	\$ 0.04	\$ 0.11	\$ -	\$ 2.37	\$ 0.376	\$ 0.73	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2039	\$ 0.771	\$ 1.56	\$ -	\$ 0.04	\$ 0.11	\$ -	\$ 2.37	\$ 0.398	\$ 0.70	\$ 0.03	\$ -	\$ 0.05	\$ 1.14	\$ 3.51		
2040	\$ 0.828	\$ 1.50	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.38	\$ 0.421	\$ 0.68	\$ 0.04	\$ -	\$ 0.05	\$ 1.13	\$ 3.51		
2041	\$ 0.889	\$ 1.44	\$ -	\$ 0.05	\$ 0.10	\$ -	\$ 2.38	\$ 0.446	\$ 0.65	\$ 0.04	\$ -	\$ 0.05	\$ 1.13	\$ 3.51		
2042	\$ 0.954	\$ 1.38	\$ -	\$ 0.05	\$ 0.10	\$ -	\$ 2.38	\$ 0.472	\$ 0.62	\$ 0.04	\$ -	\$ 0.04	\$ 1.13	\$ 3.51		
2043	\$ 1.025	\$ 1.32	\$ -	\$ 0.05	\$ 0.09	\$ -	\$ 2.39	\$ 0.499	\$ 0.58	\$ 0.04	\$ -	\$ 0.04	\$ 1.12	\$ 3.51		
2044	\$ 1.101	\$ 1.24	\$ -	\$ 0.05	\$ 0.09	\$ -	\$ 2.39	\$ 0.529	\$ 0.55	\$ 0.04	\$ -	\$ 0.04	\$ 1.12	\$ 3.51		
2045	\$ 1.183	\$ 1.17	\$ -	\$ 0.05	\$ 0.08	\$ -	\$ 2.40	\$ 0.560	\$ 0.51	\$ 0.04	\$ -	\$ 0.04	\$ 1.11	\$ 3.51		
2046	\$ 1.270	\$ 1.08	\$ -	\$ 0.05	\$ 0.08	\$ -	\$ 2.41	\$ 0.593	\$ 0.47	\$ 0.04	\$ -	\$ 0.03	\$ 1.10	\$ 3.51		
2047	\$ 1.365	\$ 1.00	\$ -	\$ 0.05	\$ 0.07	\$ -	\$ 2.41	\$ 0.626	\$ 0.43	\$ 0.04	\$ -	\$ 0.03	\$ 1.10	\$ 3.51		
2048	\$ 1.466	\$ 0.90	\$ -	\$ 0.05	\$ 0.06	\$ -	\$ 2.42	\$ 0.663	\$ 0.39	\$ 0.04	\$ -	\$ 0.03	\$ 1.09	\$ 3.51		
2049	\$ 1.575	\$ 0.80	\$ -	\$ 0.05	\$ 0.06	\$ -	\$ 2.43	\$ 0.701	\$ 0.34	\$ 0.04	\$ -	\$ 0.02	\$ 1.08	\$ 3.51		
2050	\$ 1.692	\$ 0.69	\$ -	\$ 0.06	\$ 0.05	\$ -	\$ 2.43	\$ 0.741	\$ 0.29	\$ 0.04	\$ -	\$ 0.02	\$ 1.08	\$ 3.51		
2051	\$ 1.818	\$ 0.57	\$ -	\$ 0.06	\$ 0.04	\$ -	\$ 2.44	\$ 0.783	\$ 0.24	\$ 0.04	\$ -	\$ 0.02	\$ 1.07	\$ 3.51		
2052	\$ 1.953	\$ 0.44	\$ -	\$ 0.06	\$ 0.03	\$ -	\$ 2.45	\$ 0.829	\$ 0.18	\$ 0.05	\$ -	\$ 0.01	\$ 1.06	\$ 3.51		
2053	\$ 2.098	\$ 0.30	\$ -	\$ 0.06	\$ 0.02	\$ -	\$ 2.46	\$ 0.876	\$ 0.13	\$ 0.05	\$ -	\$ 0.01	\$ 1.05	\$ 3.51		
2054	\$ 2.254	\$ 0.16	\$ -	\$ 0.06	\$ 0.01	\$ (2.41)	\$ 0.06	\$ 0.927	\$ 0.06	\$ 0.05	\$ (1.14)	\$ 0.00	\$ (0.10)	\$ (0.04)		
Total	\$ 28.25	\$ 40.87	\$ (3.55)	\$ 1.34	\$ 2.81	\$ (2.41)	\$ 64.50	\$ 13.43	\$ 16.96	\$ 1.04	\$ (1.14)	\$ 1.35	\$ 30.29	\$ 94.79		

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 2**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 2 PRINCIPAL ASSESSMENT: \$34.65 per Square Foot “inclusive of common area allocation”

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 2

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^[e]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[a]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[d]	
2025	\$ -	\$ 1.31	\$ (1.31)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.06	\$ -	\$ -	
2026	\$ -	\$ 1.64	\$ (1.64)	\$ 0.03	\$ 0.12	\$ -	\$ 0.03	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.06	\$ 0.02	\$ 0.05	
2027	\$ 0.27	\$ 1.64	\$ -	\$ 0.03	\$ 0.12	\$ -	\$ 1.95	\$ 0.17	\$ 0.78	\$ 0.02	\$ -	\$ 0.06	\$ 0.97	\$ 2.92	
2028	\$ 0.29	\$ 1.63	\$ -	\$ 0.03	\$ 0.12	\$ -	\$ 1.95	\$ 0.18	\$ 0.77	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2029	\$ 0.32	\$ 1.60	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.19	\$ 0.76	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2030	\$ 0.34	\$ 1.58	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.20	\$ 0.74	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2031	\$ 0.36	\$ 1.56	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.95	\$ 0.21	\$ 0.73	\$ 0.02	\$ -	\$ 0.05	\$ 0.97	\$ 2.92	
2032	\$ 0.39	\$ 1.53	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.22	\$ 0.72	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2033	\$ 0.42	\$ 1.51	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.23	\$ 0.70	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2034	\$ 0.45	\$ 1.48	\$ -	\$ 0.03	\$ 0.11	\$ -	\$ 1.96	\$ 0.25	\$ 0.68	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2035	\$ 0.48	\$ 1.45	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.96	\$ 0.26	\$ 0.67	\$ 0.03	\$ -	\$ 0.05	\$ 0.96	\$ 2.92	
2036	\$ 0.52	\$ 1.41	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.96	\$ 0.28	\$ 0.65	\$ 0.03	\$ -	\$ 0.05	\$ 0.95	\$ 2.92	
2037	\$ 0.56	\$ 1.38	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.97	\$ 0.30	\$ 0.63	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2038	\$ 0.60	\$ 1.34	\$ -	\$ 0.04	\$ 0.10	\$ -	\$ 1.97	\$ 0.31	\$ 0.61	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2039	\$ 0.64	\$ 1.29	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.97	\$ 0.33	\$ 0.59	\$ 0.03	\$ -	\$ 0.04	\$ 0.95	\$ 2.92	
2040	\$ 0.69	\$ 1.25	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.98	\$ 0.35	\$ 0.56	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2041	\$ 0.74	\$ 1.20	\$ -	\$ 0.04	\$ 0.09	\$ -	\$ 1.98	\$ 0.37	\$ 0.54	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2042	\$ 0.79	\$ 1.15	\$ -	\$ 0.04	\$ 0.08	\$ -	\$ 1.98	\$ 0.39	\$ 0.51	\$ 0.03	\$ -	\$ 0.04	\$ 0.94	\$ 2.92	
2043	\$ 0.85	\$ 1.09	\$ -	\$ 0.04	\$ 0.08	\$ -	\$ 1.99	\$ 0.42	\$ 0.48	\$ 0.03	\$ -	\$ 0.03	\$ 0.93	\$ 2.92	
2044	\$ 0.92	\$ 1.03	\$ -	\$ 0.04	\$ 0.07	\$ -	\$ 1.99	\$ 0.44	\$ 0.46	\$ 0.03	\$ -	\$ 0.03	\$ 0.93	\$ 2.92	
2045	\$ 0.98	\$ 0.97	\$ -	\$ 0.04	\$ 0.07	\$ -	\$ 2.00	\$ 0.47	\$ 0.42	\$ 0.03	\$ -	\$ 0.03	\$ 0.92	\$ 2.92	
2046	\$ 1.06	\$ 0.90	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 2.00	\$ 0.49	\$ 0.39	\$ 0.03	\$ -	\$ 0.03	\$ 0.92	\$ 2.92	
2047	\$ 1.14	\$ 0.83	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 2.01	\$ 0.52	\$ 0.36	\$ 0.03	\$ -	\$ 0.03	\$ 0.91	\$ 2.92	
2048	\$ 1.22	\$ 0.75	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 2.01	\$ 0.55	\$ 0.32	\$ 0.03	\$ -	\$ 0.02	\$ 0.91	\$ 2.92	
2049	\$ 1.31	\$ 0.66	\$ -	\$ 0.05	\$ 0.05	\$ -	\$ 2.02	\$ 0.58	\$ 0.28	\$ 0.04	\$ -	\$ 0.02	\$ 0.90	\$ 2.92	
2050	\$ 1.41	\$ 0.57	\$ -	\$ 0.05	\$ 0.04	\$ -	\$ 2.02	\$ 0.62	\$ 0.24	\$ 0.04	\$ -	\$ 0.02	\$ 0.89	\$ 2.92	
2051	\$ 1.51	\$ 0.47	\$ -	\$ 0.05	\$ 0.03	\$ -	\$ 2.03	\$ 0.65	\$ 0.20	\$ 0.04	\$ -	\$ 0.01	\$ 0.89	\$ 2.92	
2052	\$ 1.62	\$ 0.37	\$ -	\$ 0.05	\$ 0.03	\$ -	\$ 2.04	\$ 0.69	\$ 0.15	\$ 0.04	\$ -	\$ 0.01	\$ 0.88	\$ 2.92	
2053	\$ 1.74	\$ 0.25	\$ -	\$ 0.05	\$ 0.02	\$ -	\$ 2.05	\$ 0.73	\$ 0.10	\$ 0.04	\$ -	\$ 0.01	\$ 0.87	\$ 2.92	
2054	\$ 1.87	\$ 0.13	\$ -	\$ 0.05	\$ 0.01	\$ (2.01)	\$ 0.05	\$ 0.77	\$ 0.05	\$ 0.04	\$ (0.95)	\$ 0.00	\$ (0.08)	\$ (0.03)	
Total	\$ 23.49	\$ 33.99	\$ (2.96)	\$ 1.12	\$ 2.33	\$ (2.01)	\$ 53.63	\$ 11.16	\$ 14.10	\$ 0.87	\$ (0.95)	\$ 1.12	\$ 25.19	\$ 78.82	

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 3**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 3 PRINCIPAL ASSESSMENT: \$15,682.59 per Key

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER DOOR - LOT TYPE 3

Installment Due 1/31	Initial Major Improvement Bonds						Additional Major Improvements Reimbursement Obligation ^[e]							Total Annual Installment Due ^[e]
	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest	Additional Major Improvements Total Annual Installment Due ^[d]	
2025	\$ -	\$ 593.24	\$ (593.24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25.26	\$ -	\$ -
2026	\$ -	\$ 744.13	\$ (744.13)	\$ 13.01	\$ 53.15	\$ -	\$ 13.01	\$ -	\$ -	\$ 10.12	\$ -	\$ 25.26	\$ 10.12	\$ 23.13
2027	\$ 124.16	\$ 744.13	\$ -	\$ 13.27	\$ 53.15	\$ -	\$ 881.57	\$ 75.41	\$ 353.65	\$ 10.32	\$ -	\$ 25.26	\$ 439.38	\$ 1,320.94
2028	\$ 132.95	\$ 735.44	\$ -	\$ 13.54	\$ 52.53	\$ -	\$ 881.93	\$ 79.94	\$ 348.37	\$ 10.53	\$ -	\$ 24.88	\$ 438.84	\$ 1,320.77
2029	\$ 142.87	\$ 726.13	\$ -	\$ 13.81	\$ 51.87	\$ -	\$ 882.81	\$ 84.48	\$ 342.78	\$ 10.74	\$ -	\$ 24.48	\$ 437.99	\$ 1,320.81
2030	\$ 153.08	\$ 716.13	\$ -	\$ 14.08	\$ 51.15	\$ -	\$ 883.29	\$ 89.58	\$ 336.86	\$ 10.95	\$ -	\$ 24.06	\$ 437.40	\$ 1,320.69
2031	\$ 164.42	\$ 705.42	\$ -	\$ 14.37	\$ 50.39	\$ -	\$ 884.20	\$ 94.97	\$ 330.59	\$ 11.17	\$ -	\$ 23.61	\$ 436.73	\$ 1,320.93
2032	\$ 176.32	\$ 693.91	\$ -	\$ 14.65	\$ 49.56	\$ -	\$ 884.88	\$ 100.63	\$ 323.94	\$ 11.40	\$ -	\$ 23.14	\$ 435.98	\$ 1,320.86
2033	\$ 189.36	\$ 681.56	\$ -	\$ 14.95	\$ 48.68	\$ -	\$ 885.87	\$ 106.30	\$ 316.90	\$ 11.62	\$ -	\$ 22.64	\$ 434.83	\$ 1,320.70
2034	\$ 203.25	\$ 668.31	\$ -	\$ 15.25	\$ 47.74	\$ -	\$ 886.81	\$ 112.82	\$ 309.46	\$ 11.86	\$ -	\$ 22.10	\$ 434.14	\$ 1,320.95
2035	\$ 218.28	\$ 654.08	\$ -	\$ 15.55	\$ 46.72	\$ -	\$ 887.91	\$ 119.34	\$ 301.56	\$ 12.09	\$ -	\$ 21.54	\$ 433.00	\$ 1,320.91
2036	\$ 234.44	\$ 638.80	\$ -	\$ 15.86	\$ 45.63	\$ -	\$ 889.10	\$ 126.15	\$ 293.21	\$ 12.34	\$ -	\$ 20.94	\$ 431.69	\$ 1,320.79
2037	\$ 251.45	\$ 622.39	\$ -	\$ 16.18	\$ 44.46	\$ -	\$ 890.01	\$ 133.80	\$ 284.38	\$ 12.58	\$ -	\$ 20.31	\$ 430.76	\$ 1,320.78
2038	\$ 270.15	\$ 604.79	\$ -	\$ 16.50	\$ 43.20	\$ -	\$ 891.45	\$ 141.46	\$ 275.01	\$ 12.83	\$ -	\$ 19.64	\$ 429.30	\$ 1,320.75
2039	\$ 290.00	\$ 585.88	\$ -	\$ 16.83	\$ 41.85	\$ -	\$ 892.71	\$ 149.96	\$ 265.11	\$ 13.09	\$ -	\$ 18.94	\$ 428.16	\$ 1,320.87
2040	\$ 311.54	\$ 565.58	\$ -	\$ 17.17	\$ 40.40	\$ -	\$ 894.29	\$ 158.46	\$ 254.61	\$ 13.35	\$ -	\$ 18.19	\$ 426.43	\$ 1,320.72
2041	\$ 334.50	\$ 543.77	\$ -	\$ 17.51	\$ 38.84	\$ -	\$ 895.79	\$ 167.82	\$ 243.52	\$ 13.62	\$ -	\$ 17.39	\$ 424.96	\$ 1,320.75
2042	\$ 359.17	\$ 520.36	\$ -	\$ 17.86	\$ 37.17	\$ -	\$ 897.38	\$ 177.74	\$ 231.77	\$ 13.89	\$ -	\$ 16.56	\$ 423.41	\$ 1,320.79
2043	\$ 385.81	\$ 495.21	\$ -	\$ 18.22	\$ 35.37	\$ -	\$ 899.25	\$ 187.95	\$ 219.33	\$ 14.17	\$ -	\$ 15.67	\$ 421.45	\$ 1,320.69
2044	\$ 414.45	\$ 468.21	\$ -	\$ 18.58	\$ 33.44	\$ -	\$ 901.24	\$ 199.00	\$ 206.17	\$ 14.45	\$ -	\$ 14.73	\$ 419.63	\$ 1,320.87
2045	\$ 445.06	\$ 439.20	\$ -	\$ 18.96	\$ 31.37	\$ -	\$ 903.21	\$ 210.62	\$ 192.24	\$ 14.74	\$ -	\$ 13.73	\$ 417.61	\$ 1,320.82
2046	\$ 477.94	\$ 408.04	\$ -	\$ 19.33	\$ 29.15	\$ -	\$ 905.32	\$ 223.10	\$ 177.50	\$ 15.04	\$ -	\$ 12.68	\$ 415.64	\$ 1,320.96
2047	\$ 513.66	\$ 374.59	\$ -	\$ 19.72	\$ 26.76	\$ -	\$ 907.97	\$ 235.57	\$ 161.88	\$ 15.34	\$ -	\$ 11.56	\$ 412.79	\$ 1,320.76
2048	\$ 551.65	\$ 338.63	\$ -	\$ 20.12	\$ 24.19	\$ -	\$ 910.39	\$ 249.46	\$ 145.39	\$ 15.65	\$ -	\$ 10.39	\$ 410.50	\$ 1,320.89
2049	\$ 592.75	\$ 300.01	\$ -	\$ 20.52	\$ 21.43	\$ -	\$ 913.28	\$ 263.63	\$ 127.93	\$ 15.96	\$ -	\$ 9.14	\$ 407.52	\$ 1,320.81
2050	\$ 636.69	\$ 258.52	\$ -	\$ 20.93	\$ 18.47	\$ -	\$ 916.14	\$ 278.94	\$ 109.48	\$ 16.28	\$ -	\$ 7.82	\$ 404.70	\$ 1,320.84
2051	\$ 684.03	\$ 213.95	\$ -	\$ 21.35	\$ 15.28	\$ -	\$ 919.33	\$ 294.82	\$ 89.95	\$ 16.60	\$ -	\$ 6.43	\$ 401.37	\$ 1,320.70
2052	\$ 734.78	\$ 166.07	\$ -	\$ 21.77	\$ 11.86	\$ -	\$ 922.62	\$ 311.83	\$ 69.31	\$ 16.94	\$ -	\$ 4.95	\$ 398.07	\$ 1,320.69
2053	\$ 789.49	\$ 114.64	\$ -	\$ 22.21	\$ 8.19	\$ -	\$ 926.33	\$ 329.69	\$ 47.49	\$ 17.27	\$ -	\$ 3.39	\$ 394.44	\$ 1,320.78
2054	\$ 848.17	\$ 59.37	\$ -	\$ 22.65	\$ 4.24	\$ (907.54)	\$ 22.65	\$ 348.68	\$ 24.41	\$ 17.62	\$ (429.06)	\$ 1.74	\$ (38.35)	\$ (15.70)
Total	\$ 10,630.44	\$ 15,380.48	\$ (1,337.37)	\$ 504.75	\$ 1,056.23	\$ (907.54)	\$ 24,270.76	\$ 5,052.15	\$ 6,382.81	\$ 392.58	\$ (429.06)	\$ 506.44	\$ 11,398.49	\$ 35,669.25

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

**FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER
DISCLOSURE LOT TYPE 4**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 4 PRINCIPAL ASSESSMENT: \$29.22 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 4

	Initial Major Improvement Bonds								Additional Major Improvements Reimbursement Obligation ^[c]								
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[d]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[e]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[d]			
2025	\$ -	\$ 1.11	\$(1.11)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.05	\$ -	\$ -			
2026	\$ -	\$ 1.39	\$(1.39)	\$ 0.02	\$ 0.10	\$ -	\$ 0.02	\$ -	\$ -	\$ 0.02	\$ -	\$ 0.05	\$ 0.02	\$ 0.04			
2027	\$ 0.23	\$ 1.39	\$ -	\$ 0.02	\$ 0.10	\$ -	\$ 1.64	\$ 0.14	\$ 0.66	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46			
2028	\$ 0.25	\$ 1.37	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.64	\$ 0.15	\$ 0.65	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46			
2029	\$ 0.27	\$ 1.35	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.64	\$ 0.16	\$ 0.64	\$ 0.02	\$ -	\$ 0.05	\$ 0.82	\$ 2.46			
2030	\$ 0.29	\$ 1.33	\$ -	\$ 0.03	\$ 0.10	\$ -	\$ 1.65	\$ 0.17	\$ 0.63	\$ 0.02	\$ -	\$ 0.04	\$ 0.82	\$ 2.46			
2031	\$ 0.31	\$ 1.31	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.18	\$ 0.62	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2032	\$ 0.33	\$ 1.29	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.19	\$ 0.60	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2033	\$ 0.35	\$ 1.27	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.20	\$ 0.59	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2034	\$ 0.38	\$ 1.25	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.21	\$ 0.58	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2035	\$ 0.41	\$ 1.22	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.65	\$ 0.22	\$ 0.56	\$ 0.02	\$ -	\$ 0.04	\$ 0.81	\$ 2.46			
2036	\$ 0.44	\$ 1.19	\$ -	\$ 0.03	\$ 0.09	\$ -	\$ 1.66	\$ 0.24	\$ 0.55	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46			
2037	\$ 0.47	\$ 1.16	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.25	\$ 0.53	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46			
2038	\$ 0.50	\$ 1.13	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.26	\$ 0.51	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46			
2039	\$ 0.54	\$ 1.09	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.66	\$ 0.28	\$ 0.49	\$ 0.02	\$ -	\$ 0.04	\$ 0.80	\$ 2.46			
2040	\$ 0.58	\$ 1.05	\$ -	\$ 0.03	\$ 0.08	\$ -	\$ 1.67	\$ 0.30	\$ 0.47	\$ 0.02	\$ -	\$ 0.03	\$ 0.79	\$ 2.46			
2041	\$ 0.62	\$ 1.01	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.67	\$ 0.31	\$ 0.45	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46			
2042	\$ 0.67	\$ 0.97	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.67	\$ 0.33	\$ 0.43	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46			
2043	\$ 0.72	\$ 0.92	\$ -	\$ 0.03	\$ 0.07	\$ -	\$ 1.68	\$ 0.35	\$ 0.41	\$ 0.03	\$ -	\$ 0.03	\$ 0.79	\$ 2.46			
2044	\$ 0.77	\$ 0.87	\$ -	\$ 0.03	\$ 0.06	\$ -	\$ 1.68	\$ 0.37	\$ 0.38	\$ 0.03	\$ -	\$ 0.03	\$ 0.78	\$ 2.46			
2045	\$ 0.83	\$ 0.82	\$ -	\$ 0.04	\$ 0.06	\$ -	\$ 1.68	\$ 0.39	\$ 0.36	\$ 0.03	\$ -	\$ 0.03	\$ 0.78	\$ 2.46			
2046	\$ 0.89	\$ 0.76	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.69	\$ 0.42	\$ 0.33	\$ 0.03	\$ -	\$ 0.02	\$ 0.77	\$ 2.46			
2047	\$ 0.96	\$ 0.70	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.69	\$ 0.44	\$ 0.30	\$ 0.03	\$ -	\$ 0.02	\$ 0.77	\$ 2.46			
2048	\$ 1.03	\$ 0.63	\$ -	\$ 0.04	\$ 0.05	\$ -	\$ 1.70	\$ 0.46	\$ 0.27	\$ 0.03	\$ -	\$ 0.02	\$ 0.76	\$ 2.46			
2049	\$ 1.10	\$ 0.56	\$ -	\$ 0.04	\$ 0.04	\$ -	\$ 1.70	\$ 0.49	\$ 0.24	\$ 0.03	\$ -	\$ 0.02	\$ 0.76	\$ 2.46			
2050	\$ 1.19	\$ 0.48	\$ -	\$ 0.04	\$ 0.03	\$ -	\$ 1.71	\$ 0.52	\$ 0.20	\$ 0.03	\$ -	\$ 0.01	\$ 0.75	\$ 2.46			
2051	\$ 1.27	\$ 0.40	\$ -	\$ 0.04	\$ 0.03	\$ -	\$ 1.71	\$ 0.55	\$ 0.17	\$ 0.03	\$ -	\$ 0.01	\$ 0.75	\$ 2.46			
2052	\$ 1.37	\$ 0.31	\$ -	\$ 0.04	\$ 0.02	\$ -	\$ 1.72	\$ 0.58	\$ 0.13	\$ 0.03	\$ -	\$ 0.01	\$ 0.74	\$ 2.46			
2053	\$ 1.47	\$ 0.21	\$ -	\$ 0.04	\$ 0.02	\$ -	\$ 1.73	\$ 0.61	\$ 0.09	\$ 0.03	\$ -	\$ 0.01	\$ 0.73	\$ 2.46			
2054	\$ 1.58	\$ 0.11	\$ -	\$ 0.04	\$ 0.01	\$(1.69)	\$ 0.04	\$ 0.65	\$ 0.05	\$ 0.03	\$(0.80)	\$ 0.00	\$(0.07)	\$(0.03)			
Total	\$ 19.81	\$ 28.66	\$(2.49)	\$ 0.94	\$ 1.97	\$(1.69)	\$ 45.23	\$ 9.41	\$ 11.89	\$ 0.73	\$(0.80)	\$ 0.94	\$ 21.24	\$ 66.46			

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded to 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT BUYER DISCLOSURE LOT TYPE 5

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF FRIENDSWOOD, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE 5 PRINCIPAL ASSESSMENT: \$47.13 per Square Foot

As the purchaser of the real property described above, you are obligated to pay assessments to City of Friendswood, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Friendswood City Center Public Improvement District*** (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 City of Friendswood. The exact amount of each annual installment will be approved each year by the Friendswood City 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 City of Friendswood.

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 Harris County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[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 _____

§

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 Harris 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 _____

§

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 Harris County.

ANNUAL INSTALLMENTS PER SQUARE FOOT - LOT TYPE 5

	Initial Major Improvement Bonds							Additional Major Improvements Reimbursement Obligation ^[e]							
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Annual Collection Costs	Additional Interest ^[c]	Reserve Fund ^[f]	Initial Major Improvements Total Annual Installment Due ^[d]	Principal	Interest ^[b]	Annual Collection Costs	Reserve Fund ^[f]	Additional Interest ^[d]	Additional Major Improvements Total Annual Installment Due ^[d]	Total Annual Installment Due ^[d]	
2025	\$ -	\$ 1.78	\$ (1.78)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.08	\$ -	\$ -	
2026	\$ -	\$ 2.24	\$ (2.24)	\$ 0.04	\$ 0.16	\$ -	\$ 0.04	\$ -	\$ -	\$ 0.03	\$ -	\$ 0.08	\$ 0.03	\$ 0.07	
2027	\$ 0.37	\$ 2.24	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.23	\$ 1.06	\$ 0.03	\$ -	\$ 0.08	\$ 1.32	\$ 3.97	
2028	\$ 0.40	\$ 2.21	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.24	\$ 1.05	\$ 0.03	\$ -	\$ 0.07	\$ 1.32	\$ 3.97	
2029	\$ 0.43	\$ 2.18	\$ -	\$ 0.04	\$ 0.16	\$ -	\$ 2.65	\$ 0.25	\$ 1.03	\$ 0.03	\$ -	\$ 0.07	\$ 1.32	\$ 3.97	
2030	\$ 0.46	\$ 2.15	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.65	\$ 0.27	\$ 1.01	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97	
2031	\$ 0.49	\$ 2.12	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.29	\$ 0.99	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97	
2032	\$ 0.53	\$ 2.09	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.30	\$ 0.97	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97	
2033	\$ 0.57	\$ 2.05	\$ -	\$ 0.04	\$ 0.15	\$ -	\$ 2.66	\$ 0.32	\$ 0.95	\$ 0.03	\$ -	\$ 0.07	\$ 1.31	\$ 3.97	
2034	\$ 0.61	\$ 2.01	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.34	\$ 0.93	\$ 0.04	\$ -	\$ 0.07	\$ 1.30	\$ 3.97	
2035	\$ 0.66	\$ 1.97	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.36	\$ 0.91	\$ 0.04	\$ -	\$ 0.06	\$ 1.30	\$ 3.97	
2036	\$ 0.70	\$ 1.92	\$ -	\$ 0.05	\$ 0.14	\$ -	\$ 2.67	\$ 0.38	\$ 0.88	\$ 0.04	\$ -	\$ 0.06	\$ 1.30	\$ 3.97	
2037	\$ 0.76	\$ 1.87	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.67	\$ 0.40	\$ 0.85	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ 3.97	
2038	\$ 0.81	\$ 1.82	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.68	\$ 0.43	\$ 0.83	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ 3.97	
2039	\$ 0.87	\$ 1.76	\$ -	\$ 0.05	\$ 0.13	\$ -	\$ 2.68	\$ 0.45	\$ 0.80	\$ 0.04	\$ -	\$ 0.06	\$ 1.29	\$ 3.97	
2040	\$ 0.94	\$ 1.70	\$ -	\$ 0.05	\$ 0.12	\$ -	\$ 2.69	\$ 0.48	\$ 0.77	\$ 0.04	\$ -	\$ 0.05	\$ 1.28	\$ 3.97	
2041	\$ 1.01	\$ 1.63	\$ -	\$ 0.05	\$ 0.12	\$ -	\$ 2.69	\$ 0.50	\$ 0.73	\$ 0.04	\$ -	\$ 0.05	\$ 1.28	\$ 3.97	
2042	\$ 1.08	\$ 1.56	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.70	\$ 0.53	\$ 0.70	\$ 0.04	\$ -	\$ 0.05	\$ 1.27	\$ 3.97	
2043	\$ 1.16	\$ 1.49	\$ -	\$ 0.05	\$ 0.11	\$ -	\$ 2.70	\$ 0.56	\$ 0.66	\$ 0.04	\$ -	\$ 0.05	\$ 1.27	\$ 3.97	
2044	\$ 1.25	\$ 1.41	\$ -	\$ 0.06	\$ 0.10	\$ -	\$ 2.71	\$ 0.60	\$ 0.62	\$ 0.04	\$ -	\$ 0.04	\$ 1.26	\$ 3.97	
2045	\$ 1.34	\$ 1.32	\$ -	\$ 0.06	\$ 0.09	\$ -	\$ 2.71	\$ 0.63	\$ 0.58	\$ 0.04	\$ -	\$ 0.04	\$ 1.26	\$ 3.97	
2046	\$ 1.44	\$ 1.23	\$ -	\$ 0.06	\$ 0.09	\$ -	\$ 2.72	\$ 0.67	\$ 0.53	\$ 0.05	\$ -	\$ 0.04	\$ 1.25	\$ 3.97	
2047	\$ 1.54	\$ 1.13	\$ -	\$ 0.06	\$ 0.08	\$ -	\$ 2.73	\$ 0.71	\$ 0.49	\$ 0.05	\$ -	\$ 0.03	\$ 1.24	\$ 3.97	
2048	\$ 1.66	\$ 1.02	\$ -	\$ 0.06	\$ 0.07	\$ -	\$ 2.74	\$ 0.75	\$ 0.44	\$ 0.05	\$ -	\$ 0.03	\$ 1.23	\$ 3.97	
2049	\$ 1.78	\$ 0.90	\$ -	\$ 0.06	\$ 0.06	\$ -	\$ 2.74	\$ 0.79	\$ 0.38	\$ 0.05	\$ -	\$ 0.03	\$ 1.22	\$ 3.97	
2050	\$ 1.91	\$ 0.78	\$ -	\$ 0.06	\$ 0.06	\$ -	\$ 2.75	\$ 0.84	\$ 0.33	\$ 0.05	\$ -	\$ 0.02	\$ 1.22	\$ 3.97	
2051	\$ 2.06	\$ 0.64	\$ -	\$ 0.06	\$ 0.05	\$ -	\$ 2.76	\$ 0.89	\$ 0.27	\$ 0.05	\$ -	\$ 0.02	\$ 1.21	\$ 3.97	
2052	\$ 2.21	\$ 0.50	\$ -	\$ 0.07	\$ 0.04	\$ -	\$ 2.77	\$ 0.94	\$ 0.21	\$ 0.05	\$ -	\$ 0.01	\$ 1.20	\$ 3.97	
2053	\$ 2.37	\$ 0.34	\$ -	\$ 0.07	\$ 0.02	\$ -	\$ 2.78	\$ 0.99	\$ 0.14	\$ 0.05	\$ -	\$ 0.01	\$ 1.19	\$ 3.97	
2054	\$ 2.55	\$ 0.18	\$ -	\$ 0.07	\$ 0.01	\$ (2.73)	\$ 0.07	\$ 1.05	\$ 0.07	\$ 0.05	\$ (1.29)	\$ 0.01	\$ (0.12)	\$ (0.05)	
Total	\$ 31.95	\$ 46.22	\$ (4.02)	\$ 1.52	\$ 3.17	\$ (2.73)	\$ 72.94	\$ 15.18	\$ 19.18	\$ 1.18	\$ (1.29)	\$ 1.52	\$ 34.26	\$ 107.20	

Footnotes:

- [a] Interest is calculated at a rate of 7.00%.
- [b] Interest on the Reimbursement Obligation is calculated at a rate of 7.00% which is less than 2% above the highest average rate of the S&P Municipal High Yield Index which was 5.49% for September 2024, as required by the PID Act. If PID Bonds are issued, the interest rate on the Assessment will adjust to the interest rate on such PID Bonds plus the Additional Interest.
- [c] Funded at 2.5% of bond par at closing. Additional Interest shall be collected on the Initial Major Improvement Bonds if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Initial Major Improvement Bonds.
- [d] Excludes the TIRZ Annual Credit Amount which will be calculated annually in each Annual Service Plan Update. The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, the collection of Additional Interest, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.
- [e] Preliminary Estimate. Collections for Reimbursement Obligation will begin following Additional Major Improvement Assessments Trigger Date.
- [f] Assumes the release of reserve fund money in final assessment year. If such reserve fund money is not available, the final Initial Major Improvement Assessment and final Additional Major Improvement Assessment will increase.
- [g] Additional Interest shall be collected upon the issuance of the Additional Major Improvement Bonds. The Additional Interest shown will only be collected if the Delinquency and Prepayment Reserve Account falls below 2.5% of the par amount of the Additional Major Improvement Bonds, if issued.

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APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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[Form of Bond Counsel Opinion]

[Date]

\$ _____
CITY OF FRIENDSWOOD, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENT PROJECT)

We have represented the City of Friendswood, Texas (the “Issuer”), as its bond counsel in connection with an issue of assessment revenue bonds (the “Bonds”) described as follows:

CITY OF FRIENDSWOOD, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS PROJECT), dated November 1, 2024, issued in the principal amount of \$ _____.

In such capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

The Bonds have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the “Act”) and an Ordinance adopted by the Issuer on November 4, 2024 (the “Ordinance”). The Bonds are issued pursuant to a Trust Indenture, dated as of November 1, 2024 (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, as Trustee (the “Trustee”).

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

We have represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer’s Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials, and other certified showings

relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based on such examination and in reliance on such representations, certifications and assumptions, it is our opinion that:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Pledged Revenues as and to the extent provided in the Indenture.
- (2) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Indenture, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

APPENDIX D-1
FORM OF CITY DISCLOSURE AGREEMENT

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**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of November 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among the City of Friendswood, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of November 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Additional Bonds” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall have the meaning assigned to such term in the Indenture. The initial Administrator is P3Works, LLC.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Collections Report” shall mean any Annual Collections Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

“Annual Collections Report Filing Date” shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in subsection 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Annual Issuer Report Filing Date” shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer’s Fiscal Year, which Annual Issuer Report Filing Date is currently March 31.

“Annual Service Plan Update” shall have the meaning assigned to such term in the Indenture.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall have the meaning assigned to such term in the Indenture.

“Collections Reporting Date” shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

“Delinquency Date” shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

“Developer” shall mean Madison Development Corp., LLC, a Texas limited liability company.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of November 1, 2024, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

“Disclosure Representative” shall mean the City Manager or Mayor of the Issuer or his or her designee or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Wilmington Trust, National Association, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Friendswood City Center Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Final Assessment Payment Date” shall mean the calendar day preceding the Delinquency Date.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the twelve-month period from October 1 through September 30.

“Listed Events” shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall have the meaning assigned to such term in the Indenture.

“PID Act” shall mean Chapter 372, Texas Local Government Code, as amended.

“Prepayment” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SAP Update” shall have the meaning assigned to such term in subsection 4(a)(iii) of this Disclosure Agreement.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Tax Year” means the calendar year, or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

“Trust Estate” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall have the meaning assigned to such term in the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2025, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Issuer Report Filing Date, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement. The Annual Issuer Report may, but is not required to, include the Audited Financial Statements and the failure to include the audited financial statements as a part of the Annual Issuer Report shall not violate the Issuer’s obligations under this Disclosure Agreement provided the Issuer provides its audited financial statements within twelve (12) months of the most recently ended Fiscal Year or, if the audited financial statements are not available within such twelve-month period, the Issuer provides unaudited financial statements within such twelve-month period, and provides audited financial statements, when and if available. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the

next Annual Issuer Report Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Issuer Report Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent together with written direction to file such Annual Issuer Report with the MSRB. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer, but in no event later than the Annual Issuer Report Filing Date for such Fiscal Year.

If by the fifth (5th) day before the Annual Issuer Report Filing Date the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Annual Issuer Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Annual Issuer Report Filing Date, state the date by which the Annual Issuer Report for such year will be provided, and instruct the Dissemination Agent in writing to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Issuer Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Issuer Report Filing Date.

(b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report; and

(ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof.

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer stating that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Issuer Report Filing Date, the following:

(a) Annual Financial Information. The following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date(s), the interest rate(s), the original aggregate principal amount(s), the principal amount(s) remaining Outstanding, and the total interest amount due on the aggregate principal amount Outstanding;

(B) The amounts in the funds and accounts securing the Bonds and a description of the related investments;

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Sections 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year;

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (together, a “SAP Update”);

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer’s audited financial statements during such Fiscal Year.

(b) Audited Financial Statements. The audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer and that have been audited by an independent certified public accountant, *but only if* available by the Annual Issuer Report Filing Date. If the audited financial statements of the Issuer are not available within twelve months after the end of the Fiscal Year, the Issuer shall provide notice that the audited financial statements are not available, file unaudited financial statements within such twelve-month period, and file audited financial statements when prepared and available.

(c) A form for submitting the information described in subsection 4(a) above is attached as Exhibit B hereto. Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

The Administrator, and if no Administrator is designated, Issuer’s staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Issuer Reports under this Section 4.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Issuer Report, if such Annual Collections Report is available

when the Annual Issuer Report is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5th) day before the Annual Collections Report Filing Date the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided, and instruct the Dissemination Agent in writing to immediately send a notice to the MSRB in substantially the form attached as Exhibit A hereto; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1st) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the Issuer shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within the District in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or

liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Bonds without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than three (3) Business Days immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the MSRB's ten (10) Business Day filing requirement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information.

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with 30 days' written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction against all costs, fees, expenses and liabilities for such actions) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure

Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. TO THE EXTENT PERMITTED BY LAW, THE ISSUER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, BUT ONLY FROM ANNUAL COLLECTION COSTS COLLECTED FROM THE PROPERTY OWNERS IN THE DISTRICT, AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH IT MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF ITS POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY ARISING UNDER THIS DISCLOSURE AGREEMENT, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE ISSUER TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT FOR LOSSES, EXPENSES OR LIABILITIES ARISING FROM INFORMATION PROVIDED TO THE DISSEMINATION AGENT BY THE DEVELOPER OR THE FAILURE OF THE DEVELOPER TO PROVIDE INFORMATION TO THE DISSEMINATION AGENT AS AND WHEN REQUIRED UNDER THE DISCLOSURE AGREEMENT OF DEVELOPER. The indemnification of the Dissemination Agent as provided in this section shall remain in full force and effect if liabilities directly or indirectly result from, arise out of, or relate to, or are asserted to have resulted from, arisen out of, or related to, the sole or contributory negligence of the Dissemination Agent. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 6 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure

Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in the District, against any loss, expense and liabilities which the Administrator may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability arising under this Disclosure Agreement, but excluding (i) liabilities due to the Dissemination Agent's negligence or willful misconduct and (ii) liabilities resulting from claims made by the Issuer against the Administrator; provided, however, that nothing herein shall be construed to require the Issuer to indemnify and hold harmless the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement (including expenses related to consultation of legal counsel as provided in Section 12(a) and 12(b)) constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in the District for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and Administrator each respectively makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred

by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

a. Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

d. No Boycott of Energy Companies. The Dissemination Agent and Administrator each respectively hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the

Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law and Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Harris County, Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

CITY OF FRIENDSWOOD, TEXAS

By: _____
Mayor

WILMINGTON TRUST, NATIONAL
ASSOCIATION
(as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL ISSUER REPORT][ANNUAL COLLECTIONS REPORT]
[AUDITED/UNAUDITED FINANCIAL STATEMENTS]**

Name of Issuer: City of Friendswood, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024
(Friendswood City Center Public Improvement District Initial
Major Improvements Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Friendswood, Texas (the “Issuer”), has not provided [an Annual Issuer Report][an Annual Collections Report][audited/unaudited financial statements] with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of November 1, 2024, by and among the Issuer, P3Works, LLC, as “Administrator,” and Wilmington Trust, National Association, as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][the Annual Collections Report][audited/unaudited financial statements] will be filed by _____.

Dated: [DATE]

Wilmington Trust, National Association,
on behalf of the City of Friendswood, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Friendswood, Texas

EXHIBIT B

**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL
MAJOR IMPROVEMENTS PROJECT)**

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: [_____] ☐
City: [] ☐
Telephone: () ____-____
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				—
				—
Total				

Section 4(a)(i)(B)

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value ⁽¹⁾	Book Value ⁽¹⁾	Market Value ⁽¹⁾

(1) As such information is provided by the Trustee.

*Excluding audited financial statements of the Issuer

Section 4(a)(i)(C)**ASSETS AND LIABILITIES OF TRUST ESTATE**

Cash Position of Trust Estate for statements dated September 30, 20[]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[] Trust Statements: ☐ Audited ☐ Unaudited

Accounting Type: ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
---	------------------	-----------------	--------------

Top [Five] Assessment Payers in the District⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
-----------------------	--------------------------------------	---	--	--

⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of the District

The [YEAR] certified total assessed value for the Assessed Property in the District is approximately \$[AMOUNT] according to the Harris Central Appraisal District.

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent Assessment Amount not in Foreclosure Proceedings</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Assessment Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
20__	\$		\$		\$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Total Annual Installment Billed</u>	<u>Parcels Levied⁽¹⁾</u>	<u>Delinquent Amount as of 3/1</u>	<u>Delinquent % as of 3/1</u>	<u>Delinquent Amount as of [9/1]</u>	<u>Delinquent % as of [9/1]</u>	<u>Total Assessments Collected⁽²⁾</u>
20__	\$		\$	%	\$	%	\$
20__							
20__							
20__							
20__							

⁽¹⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽²⁾ [Does/does not] include interest and penalties.

Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

<u>Fiscal Year Ended (9/30)</u>	<u>Delinquent % as of 9/1</u>	<u>Parcel Numbers</u>
20__	%	
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

<u>Fiscal Year Ended (9/30)</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
20__		\$		\$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTION 4(a)(iii) - (iv)

[Insert a line item for each applicable listing]

EXHIBIT C

**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR
IMPROVEMENTS PROJECT)**

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: [_____]
City: [_____, Texas _____]
Telephone: (____) ____ - ____
Contact Person: Attn: _____

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO
THE COLLECTION OF ASSESSMENTS COVERING THE PERIOD BEGINNING WITH
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN
COMPLIANCE WITH SUBSECTION 5(A) OF THE ISSUER'S DISCLOSURE
AGREEMENT**

Foreclosure History Related To The Annual Installments⁽¹⁾

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Annual Installment Amount in Foreclosure Proceedings	<u>Foreclosure Sales</u>	Foreclosure Proceeds <u>Received</u>
20__	\$ _____		\$ _____		\$ _____

(i) Period covered includes December 1, 20__ through March 1, 20__.

Collection and Delinquency of Annual Installments ⁽¹⁾

Succeeding Fiscal Year 20__	Total Annual Installments <u>Levied</u> \$	Parcels <u>Levied</u> ⁽²⁾	Delinquent Amount as <u>of 3/1</u> \$	Delinquent % <u>as of 3/1</u> %	Total Annual Installments <u>Collected</u> ⁽³⁾ \$
-----------------------------------	---	---	--	---------------------------------------	---

⁽¹⁾ Period covered includes December 1, 20__ through March 1, 20__.

⁽²⁾ Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments ⁽¹⁾

Succeeding Fiscal Year	Number of <u>Prepayments</u>	Amount of <u>Prepayments</u> \$	<u>Bond Call Date</u>	Amount of Bonds <u>Redeemed</u> \$
---------------------------	---------------------------------	---------------------------------------	-----------------------	---

⁽¹⁾ Period covered includes December 1, 20__ through March 1, 20__.

EXHIBIT D

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.
		Issuer and/or Administrator should be aware of actual and specific delinquencies
		Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Trustee and the Dissemination Agent should be immediately notified in writing.
		Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.
		At this point, if there is adequate funding for March and September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33 and 34, Texas Tax Code, as amended (the "Code"), and the Harris County Tax Assessor-Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

foreclosure, in accordance with the Harris County Tax Assessor-Collector's procedures².

If there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of the Bond Fund of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the Harris County Tax Assessor-Collector procedures².

March 15 43/44

Trustee as Paying Agent / Registrar pays Bond interest payments to Owners pursuant to the terms of the Indenture.

Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.

Issuer, or the Trustee on behalf of and at the direction of the Issuer pursuant to the terms of the Indenture, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw on the Reserve Fund.

Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.

July 1 152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments, in accordance with the Harris County Tax Assessor-Collector procedures².

Preliminary Foreclosure activity commences, in accordance with the Harris County Tax Assessor-Collector procedures², and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.

² If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the Indenture, Trustee requests that the Issuer commence foreclosure or provide plan for collection and deliver such plan to the Dissemination Agent.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent s. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court, in accordance with the Harris County Tax Assessor-Collector procedures³.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

³ If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

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APPENDIX D-2
FORM OF DEVELOPER DISCLOSURE AGREEMENT

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**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT
INITIAL MAJOR IMPROVEMENTS PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of November 1, 2024 (this “Disclosure Agreement”) is executed and delivered by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”) and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project)” (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of November 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

“Affiliate” shall mean an entity that owns property within the District and is controlled by, controls, or is under common control with the Developer.

“Amenities” shall have the meaning given to it in the Limited Offering Memorandum.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Service Plan Update” shall mean the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

“Assessments” shall have the meaning assigned to such term in the Indenture.

“Assessment Roll” shall have the meaning assigned to such term in the Indenture.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the Issuer or the Trustee or any national holiday observed by the Trustee.

“Certification Letter” shall mean a certification letter provided by a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean, Madison Development Corp., LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer dated as of November 1, 2024 executed and delivered by the Issuer, the Administrator and the Dissemination Agent.

“Dissemination Agent” shall mean Wilmington Trust, National Association, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Friendswood City Center Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Initial Major Improvements” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Friendswood, Texas.

“Limited Offering Memorandum” shall mean the Limited Offering Memorandum for the Bonds dated November 4, 2024.

“Listed Events” shall mean any of the events listed in Section 4(a) and 4(b) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall mean the registered owner of any Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc., and its successors and assigns.

“Person” shall have the meaning assigned to such term in the Indenture.

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

“Purchase Agreement” shall mean any contract between one or more entities and the Developer to purchase land in the District.

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning March 31, 2025.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being May 15, August 15, November 15, and February 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Developer and any Significant Owners.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Significant Owner” shall mean any landowner, other than the Developer, that then owns property within the District representing at least five percent (5%) of the total Annual Installments of the Assessments as of each Quarterly Ending Date.

“Significant Owner Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall mean Wilmington Trust, National Association, a national banking association, acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Owner that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with March 31, 2025, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party

shall provide, or cause to be provided, such Quarterly Information until such party's obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Owner and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Owner until a Significant Owner Acknowledgement (as defined herein) with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly Information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and direct the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, with a copy to each Reporting Party, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. Pursuant to the written direction of the Administrator, the Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly

Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement. If any Reporting Party or the Administrator does not provide the information required by Sections 3(a) or (b) in a timely manner or incomplete Quarterly Information is provided by any Reporting Party, the Dissemination Agent shall not be responsible for the failure to submit a complete Quarterly Information or Quarterly Report to the MSRB.

(d) Each Quarterly Report shall be in the form substantially similar to, and contain the information listed in, the form attached as Exhibit A hereto.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within the District on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within the District to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4(a) nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within the District, including the Initial Major Improvements;

(iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of the District (including financing for vertical improvements in the District) undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within the District owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to

undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of development of the District, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Owner is a Significant Owner Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within the District on a lot or parcel owned by such Significant Owner; provided, however, that the exercise of any right of such Significant Owner as a landowner within the District to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Owner Listed Event under this Section 4(b) nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Owner or any determination that such Significant Owner is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Owner or the sale of all or substantially all of the assets of the Significant Owner, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Owner;

(v) Early termination of or material default by such Significant Owner under a Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such

notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if a Reporting Party is providing Quarterly Information on behalf of any other Reporting Party.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Initial Major Improvements or Amenities to

assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Initial Major Improvements or Amenities in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall provide written direction to the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 6. Assumption of Reporting Obligations by Significant Owner.

(a) If a landowner, other than the Developer, acquires ownership of real property in the District resulting in such landowner becoming a Significant Owner, the Developer may (i) cause such Significant Owner to comply with the Developer’s disclosure obligations under Section 3 and 4(b) hereof with respect to such acquired real property until such party’s disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Owner; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Owner, the Developer may elect in the future to cause such Significant Owner to comply with the Developer’s disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Owner to comply with the Developer’s disclosure obligations, as described in (a) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer, a written acknowledgement from each Significant Owner in substantially the form attached as Exhibit F, acknowledging and assuming the Developer’s obligations under this Disclosure Agreement with respect to the real property transferred (the “Significant Owner Acknowledgment”). Pursuant to Section 4(a)(ix) above, the Developer shall provide written direction to the Dissemination Agent to file a copy of the Significant Owner Acknowledgment with the MSRB, in accordance with Sections 4(d) and 4(e) above. Upon any such transfer to a Significant Owner and such Significant Owner’s delivery of the Significant Owner Acknowledgment, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Owner until the Significant Owner Acknowledgment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership of real property, the Developer shall not be liable for the acts or omissions of such Significant Owner arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer or any Significant Owner, as applicable, under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding or (ii) the Issuer's issuance of the last certificate of occupancy for land owned by the Developer (including, for the avoidance of doubt, any land owned by a Developer Affiliate) or such Significant Owner, respectively.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby, terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) of this Section 7 and any Termination Notice required by subsection (b) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out the obligations of the Reporting Parties under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Wilmington Trust, National Association. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each then-existing Reporting Party of any change in the identity of the Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer and Developer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Developer or Administrator in writing), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Developer, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 9 to the Issuer and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent any Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, no Reporting Party shall have an obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Developer or Significant Owner, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures provided on their behalf by a Reporting Party provided hereunder.

SECTION 12. Default. In the event of a failure of a Reporting Party, Dissemination Agent or Administrator to comply with any provision of this Disclosure Agreement, any Owner or beneficial owner of the Bonds may, and the Trustee (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction against all costs, fees, expenses and liabilities for such actions) shall, take such actions as may be necessary and appropriate to cause the Reporting Party, Dissemination Agent and/or Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer, Dissemination Agent or Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by a Reporting Party, the Dissemination Agent or the Administrator shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by a Reporting Party, the Dissemination Agent or the Administrator. Furthermore, a default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under this Disclosure Agreement by any other Reporting Party, and no Reporting Party shall have any obligation to take any action to mitigate or cure the default of any other Reporting Party.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. THE DEVELOPER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH IT MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF ITS POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. The indemnification of the Dissemination Agent as provided in this section shall remain in full force and effect if liabilities directly or indirectly result from, arise out of, or relate to, or are asserted to have resulted from, arisen out of, or related to, the sole or contributory negligence of the Dissemination Agent. The obligations of the Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Developer agrees to hold harmless the Administrator, its officers, directors, employees and agents against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's breach, negligence or willful misconduct. The obligations of the Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to

the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER OR ANY SIGNIFICANT OWNER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT OWNER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of a Reporting Party, the Administrator or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Reporting Party, the Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from

the property owners in the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law; Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Harris County, Texas.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a delivery receipt from the recipient confirming that the e-mail was delivered with such notice. Failure to provide proof of delivery receipt does not constitute a breach or default under this Disclosure Agreement.

If to Developer:	Madison Development Corp., LLC Attn: Louis Tannos 505 S. Friendswood Drive, Suite 119 Friendswood, Texas 77546 Email:
With a copy to:	Winstead PC Attn: Ross S. Martin 500 Winstead Building 2728 N. Harwood Street E-mail: rmartin@winstead.com
If to the Dissemination Agent or Trustee:	Wilmington Trust, National Association Attn: Parker Merritt 15950 North Dallas Parkway, Suite 200 Dallas, TX 75248 E-mail: pmerritt@wilmingtontrust.com
If to Administrator:	P3Works, LLC 9284 Huntington Square, Ste 100 North Richland Hills, Texas 76182 E-mail: admin@p3-works.com

If to the Issuer:

City of Friendswood
Attn: City Manager
910 S Friendswood Drive
Friendswood, Texas 77546
Email: fwdcity@friendswood.com

If to Participating Underwriter:

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034
E-mail: Tdavenport@fmsbonds.com

SECTION 21. Term of Disclosure Agreement. Except for surviving indemnities of the parties to this Disclosure Agreement, this Disclosure Agreement terminates on the earlier of (i) the first date on which none of the Bonds remain Outstanding and (ii) the first date on which the reporting obligations of all Reporting Parties have terminated in accordance with the terms of this Disclosure Agreement.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

[Signature pages follow.]

WILMINGTON TRUST, NATIONAL
ASSOCIATION
(as Dissemination Agent)

By: _____
Authorized Officer

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS
PROJECT

MADISON DEVELOPMENT CORP., LLC, a
Texas limited liability company

By: _____
Name: Louis Tannos
Title: Managing Member

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT INITIAL MAJOR IMPROVEMENTS
PROJECT)

P3WORKS, LLC
(as Administrator)

By: _____
Title: _____

SIGNATURE PAGE OF CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT)

EXHIBIT A

**CITY OF FRIENDSWOOD, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS SERIES 2024
(FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT
PROJECT)**

QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: _____
City: _____
Telephone: _____
Contact Person: _____

I. Expenditures Paid from Accounts under Indenture

TOTAL BUDGETED COSTS REQUIRED TO COMPLETE INITIAL MAJOR IMPROVEMENTS: \$_____

Of the budgeted costs for the Initial Major Improvements shown in the Service and Assessment Plan:

1. Actual costs drawn from the Initial Major Improvement Account of the Project Fund:
\$_____

II. Status of Initial Major Improvements

Projected/actual completion date of the Initial Major Improvements

1. Completion date of Initial Major Improvements listed in prior Quarterly Report:

2. [Actual/Expected] date of completion of the Initial Major Improvements as of the date of this Quarterly Report: [_____]
3. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [_____]

III. Square Footage/Unit Mix in the District

	Planned Sq. Ft./Units as of the Issuance of the Bonds	Planned Sq. Ft./Units of [Insert Prior Quarterly Ending]	Explanation as to any change to the proposed total number of square feet or units from the Service and Assessment Plan
Inline Food/Retail (Lot Type 1)	76,408		
Mixed Use (Lot Type 2)	268,800		
Hotel (Lot Type 3)	115		
Medical Office (Lot Type 4)	194,050		
Multi-Family with Retail Corridor (Lot Type 5)	750,000		

IV. Ownership of Lots/Units in the District

Landowner	Number of Acres/Lots/Units Owned⁽¹⁾	Expected Use Type (Lot Type 1-5 Classification from Service and Assessment Plan)	Expected Sq. Ft./Unit Count
Developer Owned			
Developer Affiliate Owned			
Unrelated Third Party Owned⁽¹⁾			
Total:			

⁽¹⁾ For any individual residential condominium unit owned by a homeowner, such owner need not be individually listed. Individually owned residential condominiums can be reported on a combined basis.

V. Status of Vertical Construction in the District

Lot	Name of Landowner/ Developer	Number of Actual/Expected Sq. Ft/Units by Lot Type	Actual/Expected Date of Commencement of Vertical Construction	Actual/Expected Date of Completion of Vertical Construction	Explanation of any delays in expected start or completion dates of vertical construction since last Quarterly Report
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

VI. Mortgage Debt of Developer or Developer Affiliates

In the chart below, describe any mortgage loans (whether an existing loan or incurrence of a new mortgage loan) incurred by the Developer or its Affiliates, if applicable, secured by the land subject to the Assessments securing the Bonds.

Borrower (note whether Developer Affiliate)	Lender	Purpose (e.g., property acquisition, vertical development)	Initial Amount	Current Loan Balance	District Property Securing Debt.	Interest Rate	Payment Terms/Maturity Date

VII. Amenities

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES: \$[_____]

Of the \$[_____] [expected/actual] costs of the Amenities:

1. Amount spent as of Quarterly Ending Date: \$[_____]
2. [Actual/Expected] completion date of Amenities: [_____]

VIII. Material Changes/Other Information

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

2. **Ownership** - Since the issuance of the Bonds, other than a sale to a landowner pursuant to a Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?
3. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.
4. **Other** – Provide any other material information that should be disclosed.

[End of Form of Quarterly Report]

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Friendswood, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Friendswood
City Center Public Improvement District Initial Major
Improvements Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP Nos.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer”] [“Significant Owner”]) has not provided the
[Quarterly Information][Quarterly Report] for the period ending on [Insert Quarterly Ending Date]
with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer dated
as of November 1, 2024, by and among Madison Development Corp., LLC, a Texas limited
liability company (the “Developer”), P3Works, LLC (the “Administrator”) and Wilmington Trust,
National Association (the “Dissemination Agent”). [Developer] [Significant Owner] [anticipates
that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

WILMINGTON TRUST, NATIONAL
ASSOCIATION,
on behalf of the [Developer] [Significant Owner]
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Friendswood, Texas

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Friendswood, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP Nos.]
Date of Delivery: _____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Madison Development Corp., LLC,
505 S. Friendswood Drive, Suite 119
Friendswood, Texas 77546

City of Friendswood, Texas
910 S Friendswood Drive
Friendswood, Texas 77546

[SIGNIFICANT OWNER]

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 200
Dallas, TX 75248

NOTICE IS HEREBY GIVEN that _____, a _____ (the [“Developer”] [“Significant Owner”]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby, terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer dated as of November 1, 2024, by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”) and Wilmington Trust, National Association (the “Dissemination Agent”).

Dated: _____

P3Works, LLC
on behalf of the [Developer] [Significant Owner]
(as Administrator)

By: _____

Title: _____

EXHIBIT D
CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Friendswood, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Friendswood
City Center Public Improvement District Initial Major
Improvements Project)
CUSIP Nos. [insert CUSIP Nos.]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Friendswood City Center Public Improvement District

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer dated as of November 1, 2024, by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”) Wilmington Trust, National Association (the “Dissemination Agent”), this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer] [_____, as a “Significant Owner”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer] [Significant Owner], constitutes the [portion of the] Quarterly Report required to be furnished by [Developer] [Significant Owner]. Any and all Quarterly Information, provided by the [Developer] [Significant Owner], contained in this Quarterly Report for the three month period ending on [Insert Quarterly Ending Date], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

MADISON DEVELOPMENT CORP., LLC, a
Texas limited liability company

By: _____
Name: _____
Title: _____

OR

[SIGNIFICANT OWNER]
(as Significant Owner)
By: _____
Title: _____]

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

**Re: Friendswood City Center Public Improvement District – Continuing Disclosure
Obligation**

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 20__, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the Initial Major Improvements or Amenities (as such terms are defined in the Disclosure Agreement of Developer (as defined herein) within the Friendswood City Center Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”), and Wilmington Trust, National Association (the “Dissemination Agent”), with respect to the “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Initial Major Improvements or Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

MADISON DEVELOPMENT CORP., LLC, a
Texas limited liability company

By: _____
Name: _____
Title: _____

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____
Title: _____

EXHIBIT F

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT OWNER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT OWNER CONTACT INFORMATION]

Re: Friendswood City Center Public Improvement District– Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ acres within the Friendswood City Center Public Improvement District (the “District”), which property represents ____ percent (___%) of the total Annual Installments of the Assessments.

Pursuant to Section 2 of the Continuing Disclosure Agreement of the Developer (the “Disclosure Agreement”) dated as of November 1, 2024, by and among Madison Development Corp., LLC, a Texas limited liability company (the “Developer”), P3Works, LLC (the “Administrator”) and Wilmington Trust, National Association, a national banking association (the “Dissemination Agent”), with respect to the “City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 2024 (Friendswood City Center Public Improvement District Initial Major Improvements Project),” any entity that owns land within the District representing at least five percent (5%) of the total Annual Installments of the Assessments is defined as a Significant Owner.

As a Significant Owner, pursuant to Section 6 of the Disclosure Agreement, you acknowledge and assume the reporting obligations under Sections 3(d) and 4(b) of the Disclosure Agreement for the property which is owned as detailed in the Disclosure Agreement, which is included herewith.

Sincerely,

MADISON DEVELOPMENT CORP., LLC, a
Texas limited liability company

By: _____
Name: _____
Title: _____

Acknowledged by:

[INSERT SIGNIFICANT OWNER NAME]

By: _____
Title: _____
Address: _____
Phone Number: _____

APPENDIX E
APPRAISAL

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Appraisal of Real Property

Friendswood City Center Public Improvement District
Land and Proposed Retail Buildings
South side of FM-528, west of W. Bay Area Boulevard
Friendswood, Harris County, Texas 77546

Prepared For:
FMSbonds, Inc.

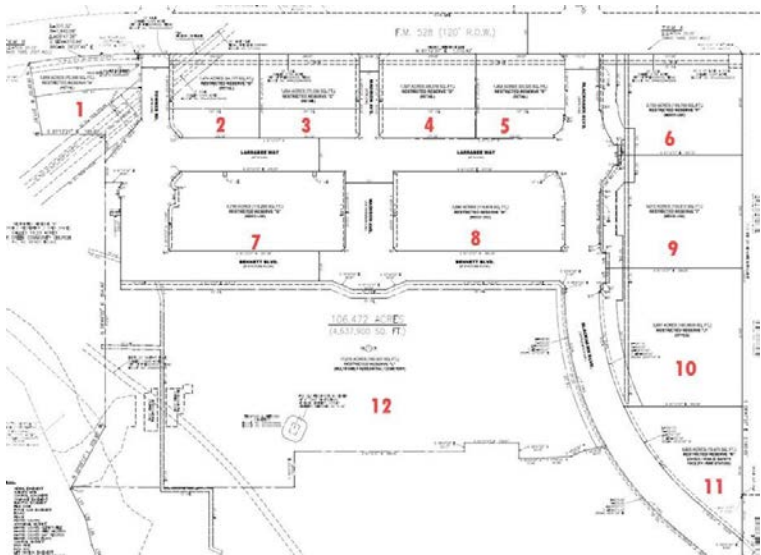
Date of the Report:
July 24, 2024

Report Format:
Appraisal Report

IRR - Dallas
File Number: 191-2024-0454



Subject Photographs



Friendswood City Center Public Improvement District
South side of FM-528, west of W. Bay Area Boulevard
Friendswood, Texas

Aerial Photograph





July 24, 2024

Mr. R.R. "Tripp" Davenport, III
Director
FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, TX 75034

SUBJECT: Market Value Appraisal
 Friendswood City Center Public Improvement District
 South side of FM-528, west of W. Bay Area Boulevard
 Friendswood, Harris County, Texas 77546
 IRR - Dallas File No. 191-2024-0454

Dear Mr. Davenport, III:

Integra Realty Resources – Dallas is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the fee simple and leased fee interest in the properties as of the effective date of the appraisal. The following opinions of value are provided:

- Current market value of Lot 1 (Vacant Land) "As Is"
- Prospective market value of Lot 1 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 2 (Vacant Land) "As Is"
- Prospective market value of Lot 2 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 3 (Vacant Land) "As Is"
- Prospective market value of Lot 3 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 4 (Vacant Land) "As Is"
- Prospective market value of Lot 4 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 5 (Vacant Land) "As Is"
- Prospective market value of Lot 5 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Prospective market value of Lot 6 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 7 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 8 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 9 "As Complete" as of 5/31/25 (Vacant Land)

- Prospective market value of Lot 10 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 11 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 12 "As Complete" as of 5/31/25 (Vacant Land)

The client for the assignment is FMSbonds, Inc., and the intended use is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the PID; provided that it is acknowledged that this appraisal will be included in a limited offering memorandum for PID bonds.

Subject Identification

The subject represents 12 lots within the Friendswood City Center Public Improvement District (the "PID"). Currently, six of the 12 lots (1-6) are developable with the remaining lots requiring infrastructure which is scheduled for completion by May 31, 2025. In addition, portions, or all, of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process. However, Lots 1-5 are currently ready for vertical development and are to be improved with retail buildings as of the effective date of the appraisal. Our valuation also includes both the land values as well as the improvement values for these improvements on a stabilized basis. The 12 lots are zoned under a PUD (Planned Unit Development) which allows for office, retail and multi-family uses.

The unit mix for the subject follows:

Friendswood City Center Public Improvement District				
Parcel/Building	Legal	Size/Acres	Building Size SF	Expected Completion Date
Lot 1	(Reserve A)	1.659	N/A	July 5, 2024
Lot 2	(Reserve B)	1.474	N/A	July 5, 2024
Lot 3	(Reserve C)	1.654	N/A	July 5, 2024
Lot 4	(Reserve D)	1.597	N/A	July 5, 2024
Lot 5	(Reserve E)	1.454	N/A	July 5, 2024
Lot 6	(Reserve F)	2.75	N/A	May 31, 2025
Lot 7	(Reserve G)	2.716	N/A	May 31, 2025
Lot 8	(Reserve H)	2.66	N/A	May 31, 2025
Lot 9	(Reserve I)	3.072	N/A	May 31, 2025
Lot 10	(Reserve J)	3.687	N/A	May 31, 2025
Lot 11	(Reserve K)	1.806	N/A	May 31, 2025
Lot 12	(Reserve L)	17.515	N/A	May 31, 2025
Building 1	(Reserve A)	1.659	15,374	May 31, 2025
Building 2	(Reserve B)	1.474	14,880	May 31, 2025
Building 3	(Reserve C)	1.654	16,608	May 31, 2025
Building 4	(Reserve D)	1.597	14,862	May 31, 2025
Building 5	(Reserve E)	1.454	14,684	May 31, 2025

It is noted that the building sizes used for valuation differ slightly from the concept plan found herein. However, the size differential is minimal and is not considered to materially affect our value opinions.

The subject's Lots 1-5 are proposed to be developed with 76,408 square feet of retail shopping center improvements. Each lot will be developed with a single-story, multitenant retail building with an expected completion date of May 31, 2025. Lots 1-4 will feature traditional retail storefronts with an expected tenant mix including limited and full-service restaurants and in-line general retail among others. Lot 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Lot 5 is assumed to be similar retail uses as Lots 1-4. Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions			
Parcel/Building Name	Interest Appraised	Date of Value	Value Conclusion
Lot 1	Fee Simple	July 5, 2024	\$1,450,000
Lot 2	Fee Simple	July 5, 2024	\$1,280,000
Lot 3	Fee Simple	July 5, 2024	\$1,440,000
Lot 4	Fee Simple	July 5, 2024	\$1,390,000
Lot 5	Fee Simple	July 5, 2024	\$1,270,000
Lot 6	Fee Simple	May 31, 2025	\$3,050,000
Lot 7	Fee Simple	May 31, 2025	\$2,720,000
Lot 8	Fee Simple	May 31, 2025	\$2,090,000
Lot 9	Fee Simple	May 31, 2025	\$3,080,000
Lot 10	Fee Simple	May 31, 2025	\$2,890,000
Lot 11	Fee Simple	May 31, 2025	\$1,240,000
Lot 12	Fee Simple	May 31, 2025	\$16,020,000
Building 1	Leased Fee	May 31, 2025	\$8,330,000
Building 2	Leased Fee	May 31, 2025	\$8,070,000
Building 3	Leased Fee	May 31, 2025	\$8,970,000
Building 4	Leased Fee	May 31, 2025	\$8,060,000
Building 5	Leased Fee	May 31, 2025	\$10,710,000



Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, building sizes, building quality, dates of completion and other pertinent data that was provided by Boundary One (surveyors), WGA (Consulting Engineers), Madison Development Corporation, LLC (developer/owner), the city of Friendswood, and the Harris Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 31, 2025, the effective appraisal date.
4. It is noted that portions of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process.
5. Our opinion of prospective market value at completion assumes that the proposed improvements will be complete and stabilized as of May 31, 2025, the effective appraisal date.
6. Our opinion of prospective market value at completion assumes that all Phase 1 infrastructure will be complete in accordance with plans and specifications as of May 31, 2025, while Phase 2 infrastructure will be complete in accordance with plans and specifications as of October 31, 2026.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

Mr. R.R. "Tripp" Davenport, III
FMSbonds, Inc.
July 24, 2024
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Dallas



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Texas Certified General Real Estate Appraiser
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Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is Jimmy H. Jackson, MAI.

Executive Summary

Property Name	Friendswood City Center Public Improvement District		
Address/Location	South side of FM-528, west of W. Bay Area Boulevard Friendswood, Harris County, Texas 77546		
Property Type	Land and Proposed Retail Buildings - Commercial		
Owner of Record	Madison Development Corporation LLC, Hill Gage Development LLC, Ajay K. Jain, Lone Star Campus R1 LLC, and Tima Holdings LLC		
Tax ID	0432150000130, 1413970000001, and 1413970000003		
Legal Description	Reserve A-L, Friendswood City Center (aka Lots 1-12)		
School District	Clear Creek ISD		
Lot 1	1.659 acres; 72,266 SF		
Lot 2	1.474 acres; 64,207 SF		
Lot 3	1.654 acres; 72,048 SF		
Lot 4	1.597 acres; 69,565 SF		
Lot 5	1.454 acres; 63,336 SF		
Lot 6	2.750 acres; 119,790 SF		
Lot 7	2.716 acres; 118,309 SF		
Lot 8	2.660 acres; 115,870 SF		
Lot 9	3.072 acres; 133,816 SF		
Lot 10	3.687 acres; 160,606 SF		
Lot 11	1.806 acres; 78,669 SF		
Lot 12	17.515 acres; 762,953 SF		
Building 1	15,374 SF		
Building 2	14,880 SF		
Building 3	16,608 SF		
Building 4	14,862 SF		
Building 5	14,684 SF		
Zoning Designation	PUD (Planned Unit Development), Mixed-use		
Highest and Best Use	Mixed-use		
Highest and Best Use - As Improved	Mixed-use		
Exposure Time; Marketing Period	9 - 12 months; 9 - 12 months		
Effective Date of the Appraisal	May 31, 2025	July 5, 2024	
Date of the Report	July 24, 2024		
Property Interest Appraised	Fee Simple And Leased Fee		

Value Conclusions

Parcel/Building Name	Interest Appraised	Date of Value	Value Conclusion
Lot 1	Fee Simple	July 5, 2024	\$1,450,000
Lot 2	Fee Simple	July 5, 2024	\$1,280,000
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Building 2	Leased Fee	May 31, 2025	\$8,070,000
Building 3	Leased Fee	May 31, 2025	\$8,970,000
Building 4	Leased Fee	May 31, 2025	\$8,060,000
Building 5	Leased Fee	May 31, 2025	\$10,710,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than FMSBonds, Inc. may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, building sizes, building quality, dates of completion and other pertinent data that was provided by Boundary One (surveyors), WGA (Consulting Engineers), Madison Development Corporation, LLC (developer/owner), the city of Friendswood, and the Harris Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 31, 2025, the effective appraisal date.
4. It is noted that portions of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process.
5. Our opinion of prospective market value at completion assumes that the proposed improvements will be complete and stabilized as of May 31, 2025, the effective appraisal date.
6. Our opinion of prospective market value at completion assumes that all Phase 1 infrastructure will be complete in accordance with plans and specifications as of May 31, 2025, while Phase 2 infrastructure will be complete in accordance with plans and specifications as of October 31, 2026.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences
Strengths • Limited amount of available land in market area • Simple development plan • The property is located in a fast-growing area. • Easy access to major thoroughfares • Close proximity to employment centers • The property is located within a Public Improvement District. • Good school district • Strong demand for commercial land in market area • Close to airport
Weaknesses • Potential competition from other developments • Land loss to floodplain
Opportunities • Demand for multi-family housing continues to grow • Large number of new homes under construction in the immediate area • Development possibilities • Demand for commercial properties
Threats • Although Federal Reserve Chairman Powell remains non-committal, it is certain that the Federal Reserve will continue to closely monitor inflationary factors as well as unemployment in the U.S. economy. Based on favorable and positive unemployment as well as other inflationary measures, the Fed could decide to keep interest rates stable or even implement a series of interest rate cuts beginning in mid-2024. This inflation/unemployment monitoring will continue on a quarterly basis throughout the remainder of 2024. As such, depending on inflation factors/unemployment figures, there could still be emerging upward pressure on lending interest rates. • Continued economic downturn/inflation pressures testing the U.S. and local economies



Identification of the Appraisal Problem

Subject Description

The subject represents 12 lots within the Friendswood City Center Public Improvement District (the "PID"). Currently, six of the 12 lots (1-6) are developable with the remaining lots requiring infrastructure which is scheduled for completion by May 31, 2025. In addition, portions, or all, of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process. However, Lots 1-5 are currently ready for vertical development and are to be improved with retail buildings as of the effective date of the appraisal. Our valuation also includes both the land values as well as the improvement values for these improvements on a stabilized basis. The 12 lots are zoned under a PUD (Planned Unit Development) which allows for office, retail and multi-family uses.

The subject's Lots 1-5 are proposed to be developed with 76,408 square feet of retail shopping center improvements. Each lot will be developed with a single-story, multitenant retail building with an expected completion date of May 31, 2025. Lots 1-4 will feature traditional retail storefronts with an expected tenant mix including limited and full-service restaurants and in-line general retail among others. Lot 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Lot 5 is assumed to be similar retail uses as Lots 1-4. Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date.

A legal description of the property is provided in the addenda.

Property Identification	
Property Name	Friendswood City Center Public Improvement District
Address	South side of FM-528, west of W. Bay Area Boulevard Friendswood, Texas 77546
Tax ID	0432150000130, 1413970000001, and 1413970000003
Owner of Record	Madison Development Corporation LLC, Hill Gage Development LLC, Ajay K. Jain, Lone Star Campus R1 LLC, and Tima Holdings LLC

Sale History

The parent tract (106.472 acres) was purchased in 2023. Subsequently, in 2024, five of the six frontage tracts (Lots 1-5) have been sold to other entities. A summary of the recent closed sales of the subject is summarized as follows:



Lot Sale/Contract Summary

Lot #	Reserve	Buyers Name	Sale Date	Lot Size/Acres	Sales Price	Sales Price/SF
	Name					
Parent Tract	N/A	Madison Development	February 23, 2023	106.472	\$10,000,000	\$2.16
3	C	Hill Gage Development	March 27, 2024	1.654	\$1,440,965	\$20.00
4/5	D/E	Ajay K. Jain	March 27, 2024	3.051	\$2,127,819	\$16.01
2	B	Tima Holdings	March 22, 2024	1.474	\$1,155,734	\$18.00
1	A	Lone Star Campus R1	July 15, 2024	1.659	\$1,445,320	\$20.00
12	L	Lone Star Campus MFH	Pending	17.515	\$20,000,000	\$26.21

No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date. It is noted that the sales prices for Lots 2, 4, and 5 appear to be below market value. We were unable to get a satisfactory explanation for this fact. However, it was explained that all of the purchasers have done business with the subject developer in the past and possible discounts were given due to this prior business history. It is also noted that Lot 12 appears to be an above market price which was acknowledged by the purchaser. The reasoning given was not totally understood by the appraiser.

Pending Transactions

To the best of our knowledge, the property, as a whole, is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. However, all of the remaining sites are reportedly in negotiations to sell.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- Current market value of Lot 1 (Vacant Land) "As Is"
- Prospective market value of Lot 1 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 2 (Vacant Land) "As Is"
- Prospective market value of Lot 2 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 3 (Vacant Land) "As Is"
- Prospective market value of Lot 3 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 4 (Vacant Land) "As Is"
- Prospective market value of Lot 4 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Current market value of Lot 5 (Vacant Land) "As Is"
- Prospective market value of Lot 5 "As Complete" as of 5/31/25 (Proposed Retail Building)
- Prospective market value of Lot 6 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 7 "As Complete" as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 8 "As Complete" as of 5/31/25 (Vacant Land)

- Prospective market value of Lot 9 “As Complete” as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 10 “As Complete” as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 11 “As Complete” as of 5/31/25 (Vacant Land)
- Prospective market value of Lot 12 “As Complete” as of 5/31/25 (Vacant Land)

The date of the report is July 24, 2024. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.²

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. [Chicago: Appraisal Institute, 2022])

Prospective Market Value As Completed

The market value of a property as of a future date when all construction is expected to be completed. It is based on market conditions forecasted to exist as of the completion date. This value premise assumes the project is complete and ready to lease to individual tenants.³

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁴

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.⁵

Client and Intended User(s)

The client and intended user is FMSbonds, Inc. No other party(s) is intended to rely on the information, opinions, and conclusions contained in this report; provided that it is acknowledged that this appraisal will be used in a limited offering memorandum for PID bonds.

Intended Use

The intended use of the appraisal is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the "PID". The appraisal is not intended for any other use.

³ Compiled and summarized from several industry sources

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
- Applicable state appraisal regulations

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, property zoning, existing easements and encumbrances, access and exposure were confirmed and analyzed.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Ernest Gatewood	On-site	July 5, 2024
Jimmy H. Jackson, MAI	None	N/A
Stephen M. Lechtenberg	None	N/A



Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Not Applicable	Not Utilized

The Sales Comparison Approach involves research, verification, and comparison of sales of other vacant lots. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file.

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file. Cost figures were obtained from the developer and compared to cost figures on competing developments. The cost figures are based on actual costs provided by the developer. Developer’s profit is based on profit expectations reported by developers as well as actual profit on similar developments.

In the Income Capitalization Approach, specific appraisal techniques are applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.



Economic Analysis

Harris and Galveston County Area Analysis

The subject is located in south Harris County adjacent to north Galveston County. Therefore, data from both is presented. Harris County is located in Southeast Texas. It is 1,703 square miles in size and has a population density of 2,849 persons per square mile. Galveston County is located in Southeast Texas. It is 378 square miles in size and has a population density of 960 persons per square mile.

Population

Harris County has an estimated 2024 population of 4,853,628, which represents an average annual 0.6% increase over the 2020 census of 4,731,145. Harris County added an average of 30,621 residents per year over the 2020-2024 period, but its annual growth rate lagged the Houston MSA rate of 1.4%.

Looking forward, Harris County's population is projected to increase at a 0.6% annual rate from 2024-2029, equivalent to the addition of an average of 30,265 residents per year. Harris County's growth rate is expected to lag that of the Houston MSA, which is projected to be 1.0%.

Population Trends					
	Population			Compound Ann. % Chng	
	2020 Census	2024 Estimate	2029 Projection	2020 - 2024	2024 - 2029
Harris County, TX	4,731,145	4,853,628	5,004,953	0.6%	0.6%
Houston-The Woodlands et al, TX Metro	7,122,240	7,518,993	7,885,011	1.4%	1.0%
Texas	29,145,505	30,665,339	32,119,807	1.3%	0.9%
USA	331,449,281	336,157,119	344,209,992	0.4%	0.5%

Source: Claritas

Population

Galveston County has an estimated 2024 population of 363,292, which represents an average annual 0.9% increase over the 2020 census of 350,682. Galveston County added an average of 3,153 residents per year over the 2020-2024 period, but its annual growth rate lagged the Houston MSA rate of 1.4%.

Looking forward, Galveston County's population is projected to increase at a 0.8% annual rate from 2024-2029, equivalent to the addition of an average of 2,915 residents per year. Galveston County's growth rate is expected to lag that of the Houston MSA, which is projected to be 1.0%.

Population Trends					
	Population			Compound Ann. % Chng	
	2020 Census	2024 Estimate	2029 Projection	2020 - 2024	2024 - 2029
Galveston County, TX	350,682	363,292	377,868	0.9%	0.8%
Houston-The Woodlands et al, TX Metro	7,122,240	7,518,993	7,885,011	1.4%	1.0%
Texas	29,145,505	30,665,339	32,119,807	1.3%	0.9%
USA	331,449,281	336,157,119	344,209,992	0.4%	0.5%

Source: Claritas

Employment

Total employment in Harris County was estimated at 2,424,560 jobs as of June 2023. Between year-end 2013 and 2023, employment rose by 197,723 jobs, equivalent to an 8.9% increase over the entire period. There were gains in employment in seven out of the past ten years. Although Harris County's employment rose over the last decade, it underperformed the Houston MSA, which experienced an increase in employment of 14.9% or 417,130 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, Harris County has had a 5.3% average unemployment rate, which is the same as the rate for the Houston MSA. The two areas are performing similarly according to this measure.

Recent data shows that Harris County has a 3.8% unemployment rate, which is the same as the rate for the Houston MSA.

Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Harris County	% Change	Houston MSA	% Change	Harris County	Houston MSA
2013	2,226,837		2,796,702		6.1%	6.1%
2014	2,314,759	3.9%	2,910,781	4.1%	5.1%	5.0%
2015	2,303,396	-0.5%	2,911,751	0.0%	4.7%	4.6%
2016	2,270,911	-1.4%	2,893,469	-0.6%	5.3%	5.3%
2017	2,298,852	1.2%	2,949,308	1.9%	5.1%	5.1%
2018	2,348,474	2.2%	3,024,740	2.6%	4.5%	4.4%
2019	2,376,913	1.2%	3,073,972	1.6%	3.9%	3.8%
2020	2,225,006	-6.4%	2,896,849	-5.8%	9.0%	8.7%
2021	2,341,417	5.2%	3,063,436	5.8%	6.4%	6.3%
2022	2,407,093	2.8%	3,184,018	3.9%	4.2%	4.2%
2023*	2,424,560	0.7%	3,213,832	0.9%	4.4%	4.4%
Overall Change 2013-2023	197,723	8.9%	417,130	14.9%		
Avg Unemp. Rate 2013-2023					5.3%	5.3%
Unemployment Rate - December 2023					3.8%	3.8%

*Total employment data is as of June 2023.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment

Total employment in Galveston County was estimated at 123,256 jobs as of June 2023. Between year-end 2013 and 2023, employment rose by 23,055 jobs, equivalent to a 23.0% increase over the entire period. There were gains in employment in eight out of the past ten years. Galveston County's rate of employment growth over the last decade surpassed that of the Houston MSA, which experienced an increase in employment of 14.9% or 417,130 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Galveston County unemployment rate has been generally higher than that of the Houston MSA, with an average unemployment rate of 5.6% in comparison to a 5.3% rate for the Houston MSA. A higher unemployment rate is a negative indicator.

Recent data shows that the Galveston County unemployment rate is 3.7% in comparison to a 3.8% rate for the Houston MSA, a positive sign that is consistent with the fact that Galveston County has outperformed the Houston MSA in the rate of job growth over the past two years.

Employment Trends

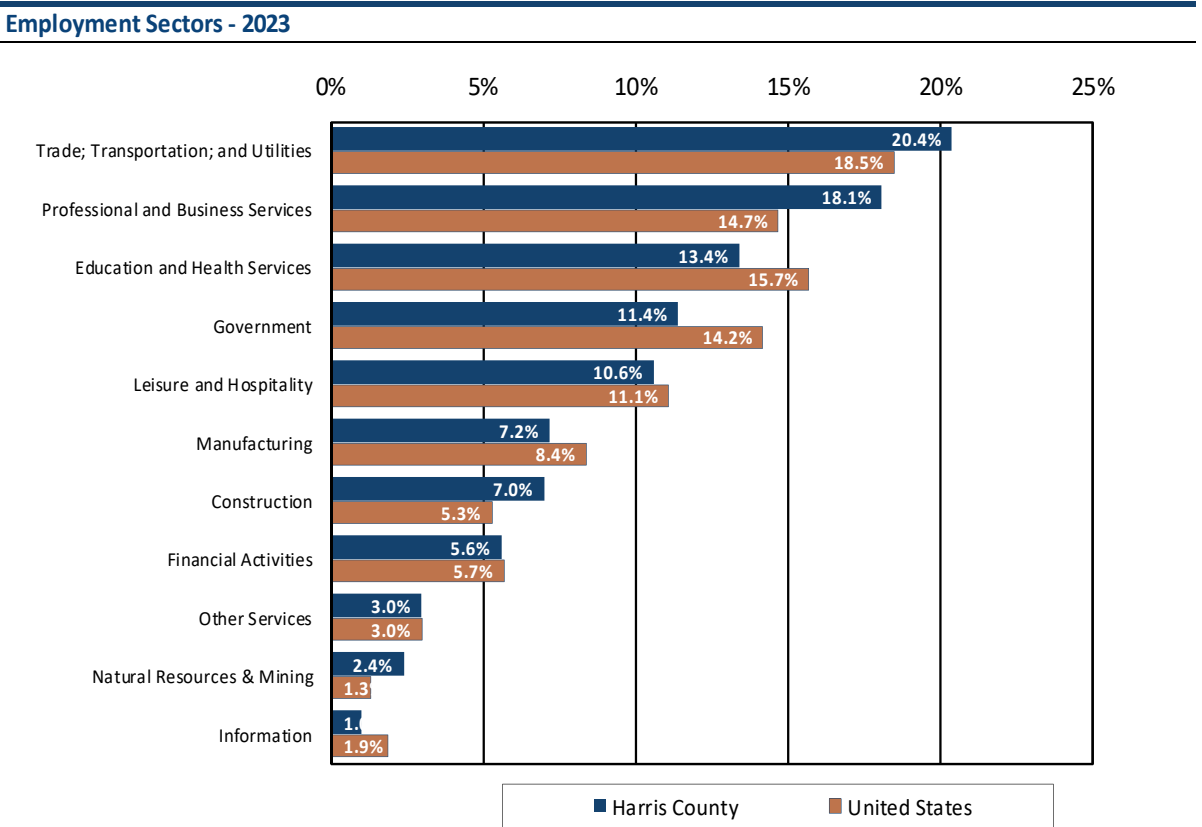
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Galveston County	% Change	Houston MSA	% Change	Galveston County	Houston MSA
2013	100,201		2,796,702		6.9%	6.1%
2014	102,592	2.4%	2,910,781	4.1%	5.7%	5.0%
2015	105,439	2.8%	2,911,751	0.0%	5.0%	4.6%
2016	110,204	4.5%	2,893,469	-0.6%	5.3%	5.3%
2017	110,931	0.7%	2,949,308	1.9%	5.3%	5.1%
2018	110,077	-0.8%	3,024,740	2.6%	4.7%	4.4%
2019	112,278	2.0%	3,073,972	1.6%	4.1%	3.8%
2020	106,328	-5.3%	2,896,849	-5.8%	8.8%	8.7%
2021	113,608	6.8%	3,063,436	5.8%	6.6%	6.3%
2022	121,987	7.4%	3,184,018	3.9%	4.4%	4.2%
2023*	123,256	1.0%	3,213,832	0.9%	4.4%	4.4%
Overall Change 2013-2023	23,055	23.0%	417,130	14.9%		
Avg Unemp. Rate 2013-2023					5.6%	5.3%
Unemployment Rate - April 2024					3.7%	3.8%

*Total employment data is as of June 2023.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Harris County job market is depicted in the chart below. A complete data set is not available for the Houston MSA, so Harris County will be compared to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Harris County jobs in each category.



Source: U.S. Bureau of Labor Statistics and Moody's Analytics



Harris County has greater concentrations than the United States in the following employment sectors:

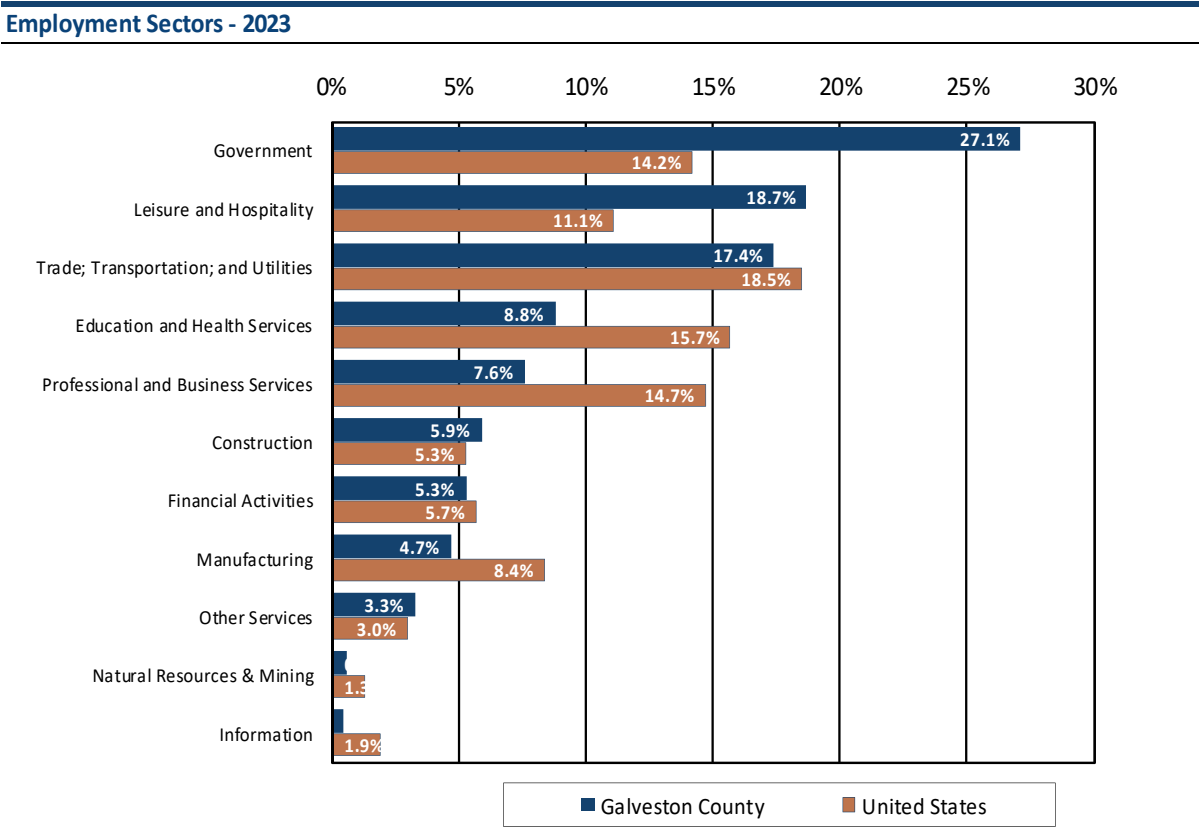
1. Trade; Transportation; and Utilities, representing 20.4% of Harris County payroll employment compared to 18.5% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Professional and Business Services, representing 18.1% of Harris County payroll employment compared to 14.7% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Construction, representing 7.0% of Harris County payroll employment compared to 5.3% for the nation overall. This sector includes construction of buildings, roads, and utility systems.
4. Natural Resources & Mining, representing 2.4% of Harris County payroll employment compared to 1.3% for the nation overall. Agriculture, mining, quarrying, and oil and gas extraction are included in this sector.

Harris County is underrepresented in the following sectors:

1. Education and Health Services, representing 13.4% of Harris County payroll employment compared to 15.7% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Government, representing 11.4% of Harris County payroll employment compared to 14.2% for the nation overall. This sector includes employment in local, state, and federal government agencies.
3. Leisure and Hospitality, representing 10.6% of Harris County payroll employment compared to 11.1% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Manufacturing, representing 7.2% of Harris County payroll employment compared to 8.4% for the nation overall. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Employment Sectors

The composition of the Galveston County job market is depicted in the chart below. A complete data set is not available for the Houston MSA, so Galveston County will be compared to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Galveston County jobs in each category.



Source: U.S. Bureau of Labor Statistics and Moody's Analytics



Galveston County has greater concentrations than the United States in the following employment sectors:

1. Government, representing 27.1% of Galveston County payroll employment compared to 14.2% for the nation overall. This sector includes employment in local, state, and federal government agencies.
2. Leisure and Hospitality, representing 18.7% of Galveston County payroll employment compared to 11.1% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Construction, representing 5.9% of Galveston County payroll employment compared to 5.3% for the nation overall. This sector includes construction of buildings, roads, and utility systems.
4. Other Services, representing 3.3% of Galveston County payroll employment compared to 3.0% for the nation overall. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.

Galveston County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 17.4% of Galveston County payroll employment compared to 18.5% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Education and Health Services, representing 8.8% of Galveston County payroll employment compared to 15.7% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
3. Professional and Business Services, representing 7.6% of Galveston County payroll employment compared to 14.7% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
4. Financial Activities, representing 5.3% of Galveston County payroll employment compared to 5.7% for the nation overall. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Major Employers

Major employers in both Harris and Galveston County are shown in the following tables.

Major employers in Houston-The Woodlands et al, TX Metro County are shown in the following table.

Major Employers - Harris County, TX

	Name	Number of Employees
1	Walmart	34,000
2	H-E-B	32,635
3	Memorial Hermann Health System	29,130
4	Houston Methodist	28,304
5	The University of Texas MD Anderson Cancer	22,088
6	Amazon	20,000
7	Kroger	15,000
8	Texas Children's Hospital	14,378
9	HCA Houston Healthcare	12,614
10	United Airlines	11,832

Major Employers - Galveston County, TX

	Name	Number of Employees
1	University of Tex Medical Branch Health System	9,227
2	Clear Creek ISD	5,000
3	Landry's	3,304
4	Marathon Petroleum Corp.	1,960
5	Dickinson ISD	1,700
6	American National Insurance	1,550
7	Texas City ISD	1,400
8	Galveston County	1,247
9	Galveston ISD	1,069
10	Moody Gardens, Inc.	1,034

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in Harris County than the Houston MSA overall during the past five years. Harris County has grown at a 1.3% average annual rate while the Houston MSA has grown at a 1.7% rate. Harris County continues to underperform the Houston MSA. GDP for Harris County rose by 2.2% in 2022 while the Houston MSA's GDP rose by 2.5%.

Harris County has a per capita GDP of \$84,250, which is 21% greater than the Houston MSA's GDP of \$69,928. This means that Harris County industries and employers are adding relatively more value to the economy than their counterparts in the Houston MSA.

Gross Domestic Product				
Year	(\$,000s) Harris County	% Change	(\$,000s) Houston MSA	% Change
2017	377,601,083	—	470,676,136	—
2018	391,034,432	3.6%	491,166,782	4.4%
2019	382,109,887	-2.3%	484,359,415	-1.4%
2020	375,075,182	-1.8%	476,638,820	-1.6%
2021	394,061,459	5.1%	500,984,295	5.1%
2022	402,792,333	2.2%	513,276,462	2.5%
Compound % Chg (2017-2022)		1.3%		1.7%
GDP Per Capita 2022	\$84,250		\$69,928	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2023.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in Galveston County than the Houston MSA overall during the past five years. Galveston County has grown at a 1.4% average annual rate while the Houston MSA has grown at a 1.7% rate. Galveston County continues to underperform the Houston MSA. GDP for Galveston County fell by 0.6% in 2022 while the Houston MSA's GDP rose by 2.5%.

Galveston County has a per capita GDP of \$45,592, which is 35% less than the Houston MSA's GDP of \$69,928. This means that Galveston County industries and employers are adding relatively less value to the economy than their counterparts in the Houston MSA.

Gross Domestic Product

Year	(\$,000s) Galveston County	% Change	(\$,000s) Houston MSA	% Change
2017	15,188,107	—	470,676,136	—
2018	15,365,270	1.2%	491,166,782	4.4%
2019	15,543,698	1.2%	484,359,415	-1.4%
2020	15,029,002	-3.3%	476,638,820	-1.6%
2021	16,375,548	9.0%	500,984,295	5.1%
2022	16,281,603	-0.6%	513,276,462	2.5%
Compound % Chg (2017-2022)		1.4%		1.7%
GDP Per Capita 2022	\$45,592		\$69,928	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2023.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Income, Education and Age

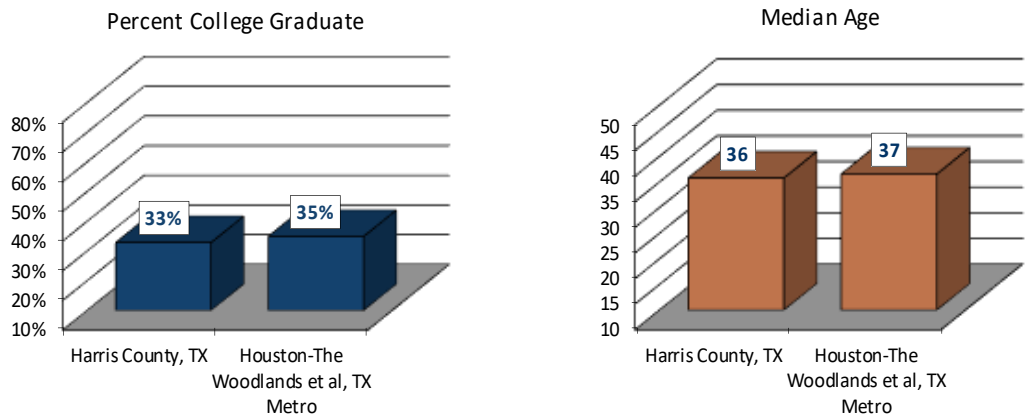
Harris County has a lower level of household income than the Houston MSA. Median household income for Harris County is \$68,506, which is 9.3% less than the corresponding figure for the Houston MSA.

Median Household Income - 2024

	Median
Harris County, TX	\$68,506
Houston-The Woodlands et al, TX Metro	\$75,489
Comparison of Harris County, TX to Houston-The Woodlands et a	- 9.3%
Source: Claritas	

Residents of Harris County have a slightly lower level of educational attainment than those of the Houston MSA. An estimated 33% of Harris County residents are college graduates with four-year degrees, versus 35% of Houston MSA residents. People in Harris County are slightly younger than their Houston MSA counterparts. The median age for Harris County is 36 years, while the median age for the Houston MSA is 37 years.

Education & Age - 2024



Source: Claritas

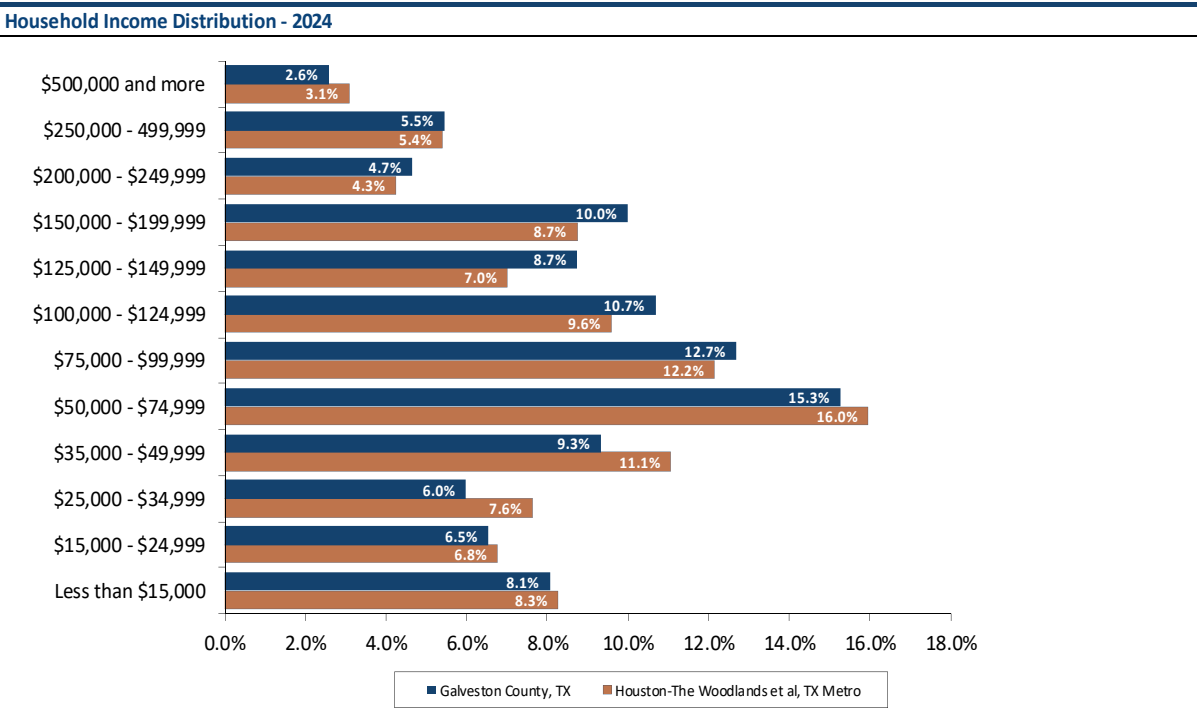


Household Income

Galveston County has a higher level of household income than the Houston MSA. Median household income for Galveston County is \$83,942, which is 11.2% greater than the corresponding figure for the Houston MSA.

Median Household Income - 2024	
	Median
Galveston County, TX	\$83,942
Houston-The Woodlands et al, TX Metro	\$75,489
Comparison of Galveston County, TX to Houston-The Woodlands	+ 11.2%
Source: Claritas	

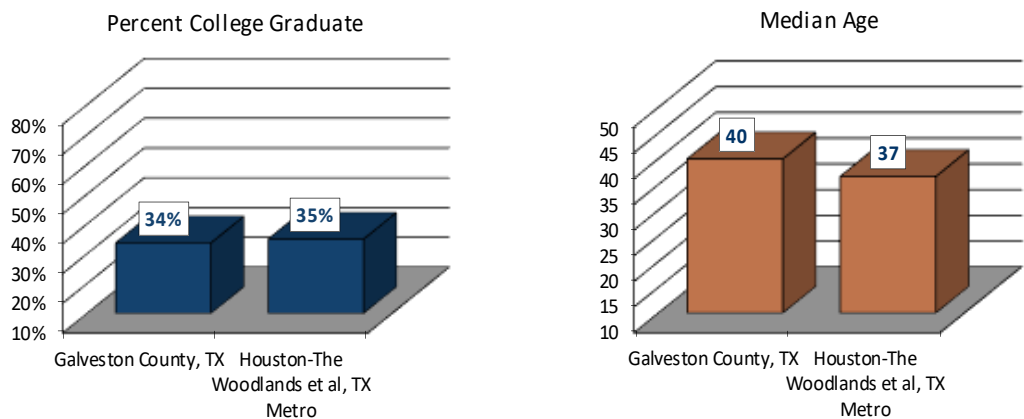
The following chart shows the distribution of households across twelve income levels. Galveston County has a greater concentration of households in the middle-income levels than the Houston MSA. Specifically, 47% of Galveston County households are between the \$50,000 - \$150,000 levels in household income as compared to 45% of Houston MSA households. A lesser concentration of households is apparent in the lower income levels, as 30% of Galveston County households are below the \$50,000 level in household income versus 34% of Houston MSA households.



Education and Age

Residents of Galveston County have a slightly lower level of educational attainment than those of the Houston MSA. An estimated 34% of Galveston County residents are college graduates with four-year degrees, versus 35% of Houston MSA residents. People in Galveston County are older than their Houston MSA counterparts. The median age for Galveston County is 40 years, while the median age for the Houston MSA is 37 years.

Education & Age - 2024



Source: Claritas

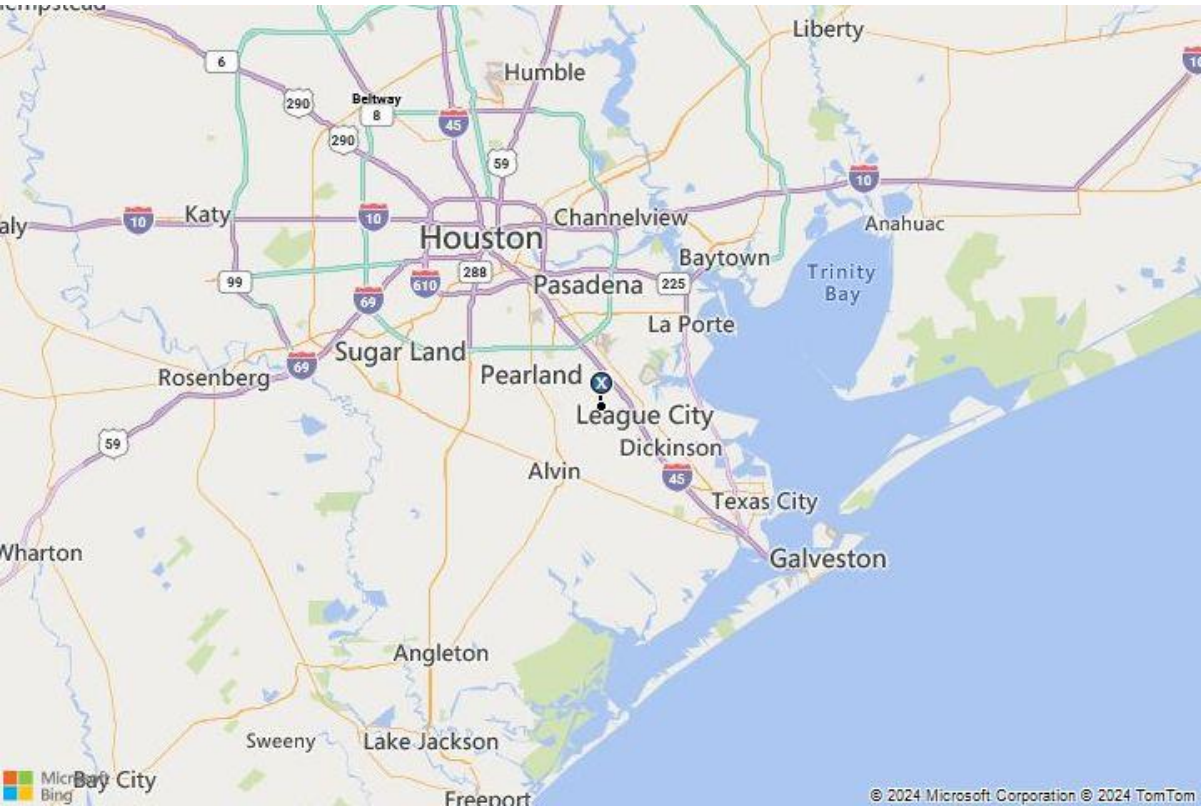
Conclusion

The Harris County economy will be affected by a growing population base and lower income and education levels. Harris County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. It is anticipated that the Harris County economy will improve, and employment will grow, strengthening the demand for real estate.

The Galveston County economy will benefit from a growing population base and a higher level of median household income. Galveston County experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. It is anticipated that the Galveston County economy will improve, and employment will grow, strengthening the demand for real estate.



Area Map



Surrounding Area Analysis

Boundaries

The subject is located in the far southern edge of Harris County near the boundary with Galveston County. This area is generally delineated as follows:

Boundaries & Delineation

Boundaries

Market Area	Houston, TX
Submarket	Baybrook/Clear Lake
Area Type	Suburban

Delineation

North	Sam Houston Tollway
South	SH-6
East	IH-45
West	SH-35

A map identifying the location of the property follows this section.

Access and Linkages

Access & Linkages

Vehicular Access

Major Highways	IH-45 and Sam Houston Tollway
Primary Corridors	SH-6, and SH-35
Vehicular Access Rating	Average

Public Transit

Providers	Metro
Transit Access Rating	Average

Airport(s)

Name	William P. Hobby	George Bush Intercontinental
Distance	13 Miles	40 Miles
Driving Time	25 Minutes	60 Minutes

Primary Transportation Mode	Automobile
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Life Cycle

Real estate is affected by cycles involving development trends within a market area as well as market and economic forces. Trends in demand for development in a particular market are described by the Market Area Life Cycle, while market and economic trends are described by the Real Estate Cycle.

A Market Area Life Cycle typically evolves through four stages:⁶

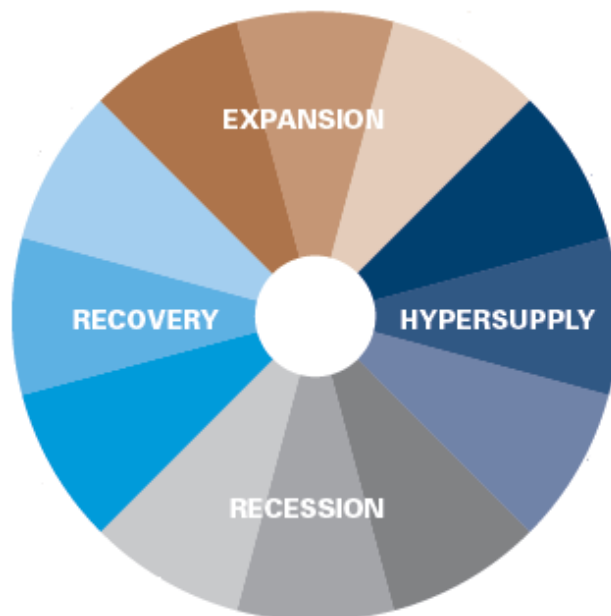
- Growth – a period during which the market area gains public favor and acceptance
- Stability – a period of equilibrium without marked gains or losses
- Decline – a period of diminishing demand
- Revitalization – a period of renewal, redevelopment, modernization, and increasing demand

The subject's market area is in the growth stage of the Market Area Life Cycle.

The Real Estate Cycle also impacts a neighborhood. The stages of the Real Estate Cycle include:

- Expansion – Sustained growth in demand, increasing construction
- Hypersupply – Positive but falling demand, increasing vacancy
- Recession – Falling demand, increasing vacancy
- Recovery – Increasing demand, decreasing vacancy

These stages are illustrated below, along with a summary of common characteristics of each stage of the Real Estate Cycle. The subject is in the expansion stage of the Real Estate Cycle.



⁶ Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020)

EXPANSION

Decreasing Vacancy Rates
Moderate/High New Construction
High Absorption
Moderate/High Employment Growth
Med/High Rental Rate Growth

HYPERSUPPLY

Increasing Vacancy Rates
Moderate/High New Construction
Low/Negative Absorption
Moderate/Low Employment Growth
Med/Low Rental Rate Growth

RECESSION

Increasing Vacancy Rates
Moderate/Low New Construction
Low Absorption
Low/Negative Employment Growth
Low/Neg Rental Rate Growth

RECOVERY

Decreasing Vacancy Rates
Low New Construction
Moderate Absorption
Low/Moderate Employment Growth
Neg/Low Rental Rate Growth

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics

	5-Minute Drive Time	10-Minute Drive Time	15-Minute Drive Time	Galveston County, TX	Houston-The Woodlands et al, TX Metro
2024 Estimates					
Population 2020	16,329	69,537	213,405	350,682	7,122,240
Population 2024	16,358	70,640	217,783	363,292	7,518,993
Population 2029	16,475	72,165	223,494	377,868	7,885,011
Compound % Change 2020-2024	0.0%	0.4%	0.5%	0.9%	1.4%
Compound % Change 2024-2029	0.1%	0.4%	0.5%	0.8%	1.0%
Households 2020	6,097	24,891	79,652	132,819	2,509,945
Households 2024	6,113	25,308	81,302	138,175	2,656,731
Households 2029	6,167	25,881	83,505	144,209	2,793,541
Compound % Change 2020-2024	0.1%	0.4%	0.5%	1.0%	1.4%
Compound % Change 2024-2029	0.2%	0.4%	0.5%	0.9%	1.0%
Median Household Income 2024	\$81,757	\$98,645	\$87,689	\$83,942	\$75,489
Average Household Size	2.7	2.8	2.7	2.6	2.8
College Graduate %	33%	43%	40%	34%	35%
Median Age	37	39	38	40	37
Owner Occupied %	58%	68%	62%	66%	60%
Renter Occupied %	42%	32%	38%	34%	40%
Median Owner Occupied Housing Value	\$281,784	\$349,787	\$305,627	\$313,315	\$294,115
Median Year Structure Built	1983	1991	1989	1988	1993
Average Travel Time to Work in Minutes	32	32	32	31	32

Source: Claritas

As shown above, the current population within a 10-minute drive time of the subject is 70,640, and the average household size is 2.8. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to Galveston County overall, the population within a 10-minute drive time is projected to grow at a slower rate.

Median household income is \$98,645, which is higher than the household income for Galveston County. Residents within a 10-minute drive time have a considerably higher level of educational attainment than those of Galveston County, while median owner-occupied home values are considerably higher.

Land Use

For the immediate vicinity of the subject, the land use characteristics are summarized as follows:

Immediate Surroundings	
North	Retail, church
South	Creek/single family homes
East	School, church, single family homes
West	Church, creek, single family homes



Development Activity and Trends

During the last five years, development has been predominantly single-family with supportive commercial along major thoroughfares. The pace of development has generally accelerated over this time. The subject neighborhood has several high-profile developments either within its boundaries, or afforded proximity to the boundaries. The most important are discussed as follows.

NASA's Johnson Space Center is NASA's center for human spaceflight in Houston, Texas (originally named the Manned Spacecraft Center), where human spaceflight training, research, and flight control are conducted. It was renamed in honor of the late U.S. president and Texas native, Lyndon B. Johnson, by an act of the United States Senate on February 19, 1973. It consists of a complex of 100 buildings constructed on 1,620 acres in the Clear Lake Area of Houston, which acquired the official nickname "Space City" in 1967. The center is home to NASA's astronaut corps, and is responsible for training astronauts from both the U.S. and its international partners. It houses the Christopher C. Kraft Jr. Mission Control Center, which has provided the flight control function for every NASA human spaceflight since Gemini 4 (including Apollo, Skylab, Apollo–Soyuz, and Space Shuttle). It is popularly known by its radio call signs "Mission Control" and "Houston".

Green Hydrogen - As more countries and companies turn to hydrogen, Texas is in a prime position to become a global hub for hydrogen manufacturing and export. According to the University of Texas, "Texas is the largest domestic producer of hydrogen, and already has a network of hydrogen pipelines in place. Plus, Texas's sprawling network of natural gas pipelines can be used to transport hydrogen with minimal retrofitting." Most of the hydrogen production in Texas is centered on the Gulf Coast. "The Texas Gulf Coast area anchors the world's leading H2 system, producing approximately one-third of U.S. total H2 gas per year. The system encompasses an expansive network of 48 H2 production plants, more than 900 mi of H2 pipelines (more than half of the U.S. H2 pipelines and one-third of H2 pipelines globally), as well as geologically unique and at-scale salt cavern storage." Texas and its Gulf Coast are set to be the center of hydrogen production for the 21st century.

Galveston Island - Founded in 1839, Galveston is often referred to as Texas' Playground. It is also an important component in the economic engine of the Gulf coast. Galveston has a diverse economic base featuring tourism, medical, financial services, port access to the Gulf of Mexico, and international air services to the rest of the world. Over 6.5 million people visit Galveston Island each year, which is not surprising since the Port of Galveston is the 4th largest Cruise Port in the United States. There are three higher education institutions located in the City of Galveston; Texas A&M Galveston, University of Texas Medical Branch (the oldest medical school west of the Mississippi River), and Galveston College. Galveston's 32 miles of beaches, historic downtown district, year-round cruise terminal and numerous attractions and special events sustain its bustling tourism industry.

Moody Gardens - Sitting on 242 lush acres, Moody Gardens features a 10-story glass Rainforest Pyramid, IMAX 3-D Theatre, Discovery Pyramid (designed in conjunction with NASA), Ridefilm Theatre, the breathtaking Aquarium Pyramid, Palm Beach and the Colonel Paddlewheel Boat featuring dinner cruises.

Schlitterbahn Galveston Island Waterpark - Rivers connect for a mile of fun through three distinct park sections at Schlitterbahn Galveston. The waterpark is a thrill seekers paradise with high thrill speed slides including Rohr!, MASSIV, and the immersive Screaming Serpents body slide. Each section has raft rides, pools and water coasters with great picnic pavilions and pint-sized water playgrounds for kids of all ages. The 26-acre Schlitterbahn park in Galveston opened in 2006. The park features the most thrill rides of any of the Schlitterbahn parks and is home to the world's former record holder of the world's tallest water coaster, MASSIV. MASSIV opened in 2016 and features the most current technology including water and power saving features never used before.

Port of Galveston - The world-renowned Port of Galveston was a key player in the island's success last year. In 2022, The Port of Galveston welcomed one million cruise passengers, marking the first time it has achieved this milestone since before the pandemic. Spending by cruise visitors contributed a total of \$80 million in 2022. The Port is expected to break passenger and sailing records with 362 sailings and more than a million cruise passengers in 2023, which would be a new record in the port's 22-year history. Following the establishment of its \$125 million Royal Caribbean International cruise terminal, the Port most recently announced the addition of the Carnival Cruise Line's Carnival Jubilee and, a \$53 million investment dedicated to the expansion of the two-decades-old Cruise Terminal 25. The expansion will help accommodate for the 6,500-guest capacity of the Jubilee and other high-capacity ships. The Carnival Jubilee is set to arrive in December. Additionally, the Port is working to sign an agreement with MSC Cruises for a public-private project to build a fourth cruise terminal and 1,500-space parking garage at Pier 16.

Lago Mar is a 2,000-acre master planned community located in Texas City. Located along the west side of IH-45 since 2016, the community is planned for approximately 7,000 homes. The development is anchored by a 12± acre Crystal Lagoon. The lagoon includes sand beaches and advanced technology to keep the water clean and a crystal-clear blue. Its depth ranges up to 10-12 feet deep, and its bottom is lined similar to a swimming pool. The lagoon also has private and public access.

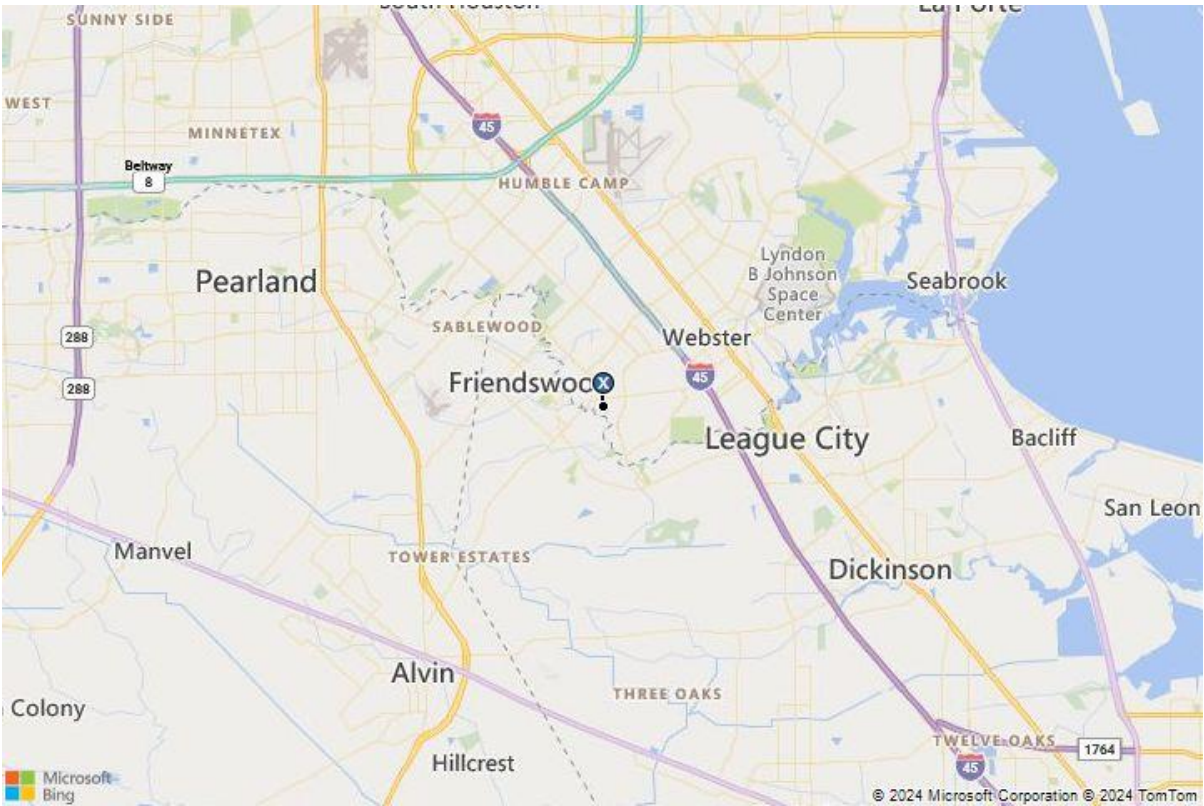
The **Tanger Outlet Texas City** is a fairly new outlet mall, which opened its doors late 2012. Located on IH-45 in Galveston County, it is considered to be a premier shopping experience. With nearly 90 stores and restaurants, this unique shopping center offers apparel, services, dining experiences, and gift shopping.

The University of Houston–Clear Lake is a public university with campuses in Clear Lake and Pearland and Houston, Texas, with branch campuses in Pearland and Texas Medical Center. It is part of the University of Houston System. Founded in 1971, UHCL has a current enrollment of approximately 9,100 students.

Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Surrounding Area Map



Retail Market Analysis

Metro Area Overview

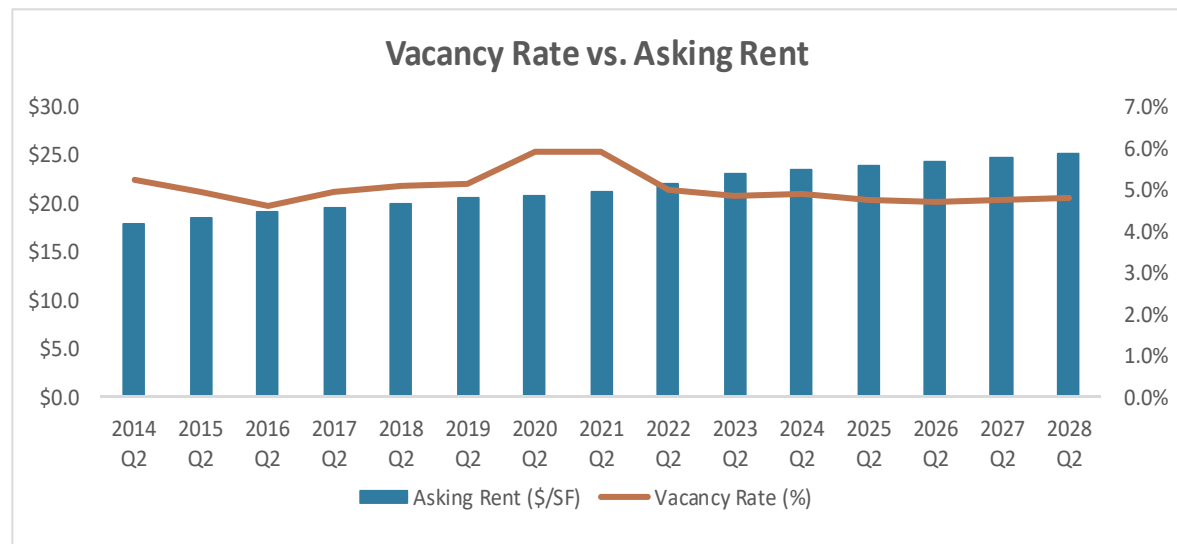
The subject is located in the Houston - TX USA metro area as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

All Retail Houston - TX USA Metro Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	385,968,543	365,628,000	5.27%	3,881,172	4,750,639	6,180,068	\$17.87	3.68%	8.94%	7.50%
2015 Q2	391,566,880	372,184,224	4.95%	5,577,864	7,730,785	6,536,463	\$18.54	3.80%	12.91%	7.10%
2016 Q2	401,331,636	382,734,176	4.63%	9,741,356	7,973,506	10,527,275	\$19.09	2.97%	3.92%	6.95%
2017 Q2	411,391,201	391,051,968	4.94%	9,839,002	6,186,451	8,154,288	\$19.51	2.20%	-0.49%	7.17%
2018 Q2	418,471,060	397,042,208	5.12%	6,697,690	5,059,245	5,581,422	\$20.07	2.82%	1.23%	7.20%
2019 Q2	424,190,455	402,289,760	5.16%	5,645,700	5,355,319	5,226,405	\$20.56	2.45%	1.67%	7.25%
2020 Q2	432,081,052	406,462,976	5.93%	7,821,973	4,817,721	4,097,038	\$20.82	1.26%	3.32%	7.11%
2021 Q2	437,240,990	411,209,504	5.95%	5,118,358	2,862,907	4,709,742	\$21.25	2.11%	3.41%	7.01%
2022 Q2	439,811,412	417,768,192	5.01%	2,568,422	4,262,560	6,548,550	\$22.15	4.19%	6.81%	6.88%
2023 Q2	442,521,710	421,025,632	4.86%	2,710,298	4,670,182	3,256,438	\$23.13	4.44%	2.98%	6.96%
2024 Q2	446,587,297	424,591,328	4.93%	4,053,587	3,654,525	3,553,685	\$23.55	1.81%	1.09%	7.02%
2025 Q2	450,404,007	428,891,616	4.78%	3,816,710	0	4,334,703	\$23.90	1.49%	-7.80%	7.73%
2026 Q2	453,003,875	431,701,376	4.70%	2,599,868	0	2,751,915	\$24.40	2.09%	-0.89%	7.97%
2027 Q2	455,870,904	434,176,992	4.76%	2,867,029	0	2,413,874	\$24.84	1.82%	5.33%	7.72%
2028 Q2	459,204,693	436,984,608	4.84%	3,333,789	0	2,743,510	\$25.23	1.58%	4.00%	7.56%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

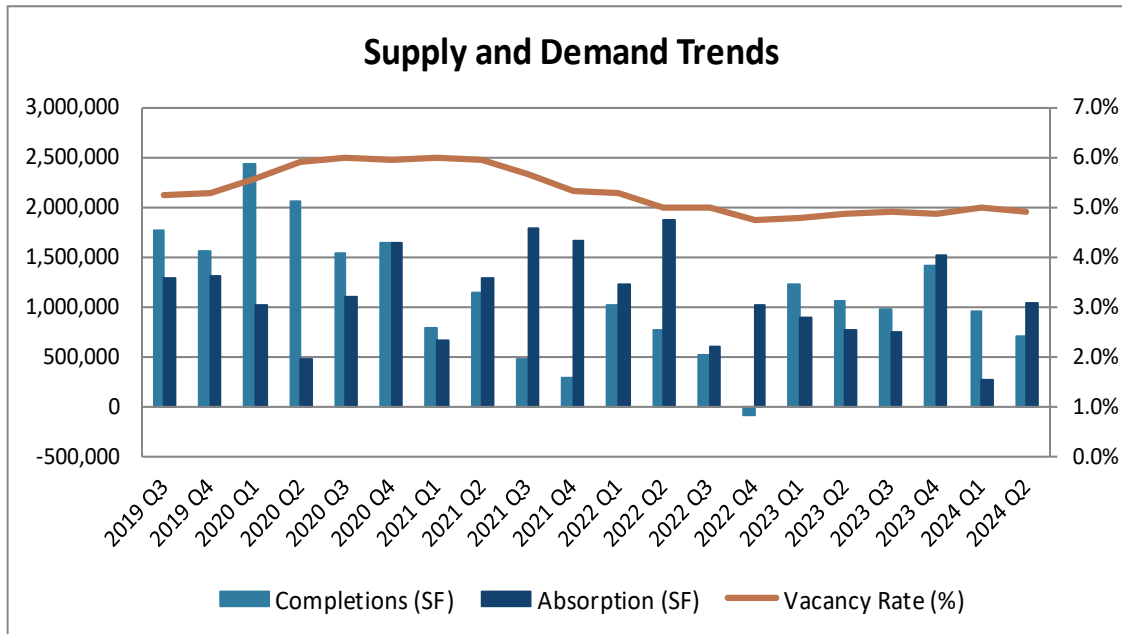
Houston - TX USA Metro Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the metro area is 4.93%; the vacancy rate has decreased by 9 bps from 2022 Q2.

- Two-year Base Case forecasts project a 4.70% vacancy rate in the metro area, representing a decrease of 22 bps by 2026 Q2.
- Asking rent averages \$23.55/SF in the metro area, and values have increased by 6.32% from 2022 Q2.
- Two-year Base Case forecasts project a \$24.40/SF asking rent in the metro area, representing an increase of 3.61% by 2026 Q2.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has increased by 1.54% from 2022 Q2, while the demand has increased by 1.63%.
- Between 2019 Q3 and 2024 Q2, net completions in the metro area have averaged 4,454,528 SF annually and reached a peak of 2,434,659 SF in 2020 Q1.
- Between 2019 Q3 and 2024 Q2, net absorption in the metro area has averaged 4,433,091 SF annually and reached a peak of 1,866,998 SF in 2022 Q2.

Submarket Overview

The subject is located in the Southeast Outlier submarket as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the following table.

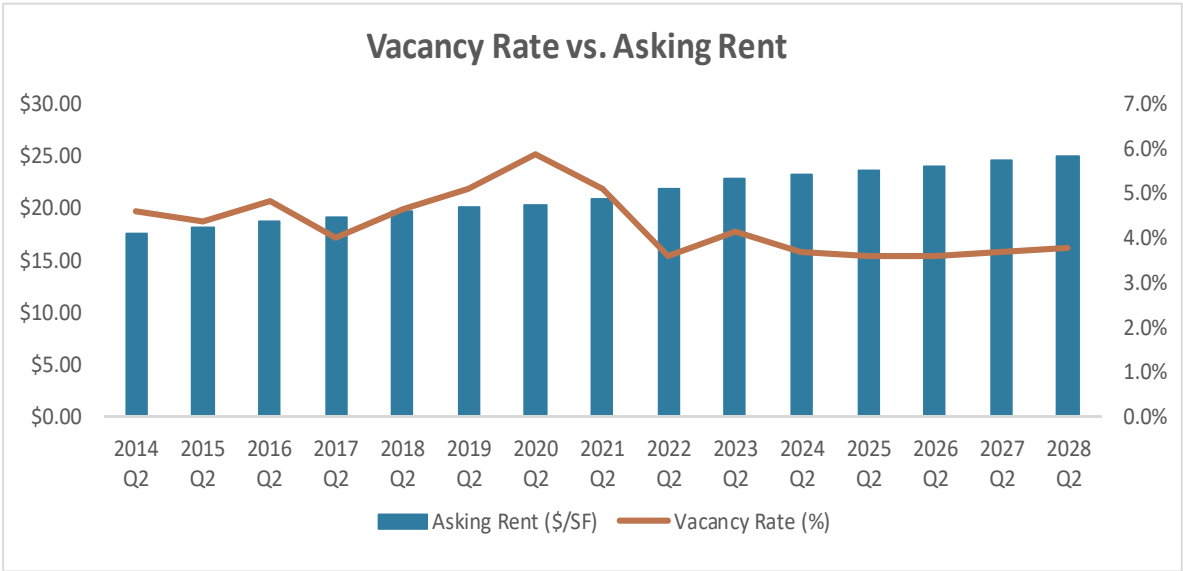
All Retail Southeast Outlier Submarket Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	14,167,646	13,515,390	4.60%	400,863	390,844	428,964	\$17.53	3.71%	8.61%	7.40%
2015 Q2	14,340,233	13,715,105	4.36%	172,587	457,521	199,715	\$18.21	3.91%	11.82%	7.06%
2016 Q2	14,835,578	14,117,139	4.84%	495,345	514,977	402,034	\$18.75	2.97%	3.48%	6.93%
2017 Q2	15,392,808	14,774,228	4.02%	557,230	282,681	656,135	\$19.12	1.96%	0.17%	7.08%
2018 Q2	15,805,231	15,072,685	4.63%	401,078	453,229	288,544	\$19.68	2.90%	-0.54%	7.23%
2019 Q2	16,239,674	15,408,705	5.12%	434,443	161,188	336,020	\$20.13	2.29%	0.67%	7.23%
2020 Q2	16,412,572	15,443,210	5.91%	172,898	76,144	34,505	\$20.37	1.20%	1.77%	7.27%
2021 Q2	16,536,051	15,691,195	5.11%	123,479	73,465	247,985	\$20.86	2.41%	4.06%	7.10%
2022 Q2	16,617,052	16,021,289	3.59%	79,001	57,130	328,094	\$21.79	4.46%	4.36%	7.10%
2023 Q2	16,661,182	15,966,545	4.17%	44,130	122,608	-54,744	\$22.88	5.02%	3.58%	7.10%
2024 Q2	16,765,330	16,147,495	3.69%	104,148	138,621	180,950	\$23.24	1.54%	1.60%	7.14%
2025 Q2	16,915,836	16,304,168	3.62%	150,506	0	156,833	\$23.58	1.48%	-7.52%	7.85%
2026 Q2	17,003,032	16,393,084	3.59%	87,196	0	87,094	\$24.09	2.17%	-0.77%	8.09%
2027 Q2	17,106,168	16,478,122	3.67%	103,136	0	83,033	\$24.55	1.89%	5.31%	7.84%
2028 Q2	17,226,172	16,574,438	3.78%	120,004	0	94,240	\$24.95	1.65%	3.99%	7.68%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

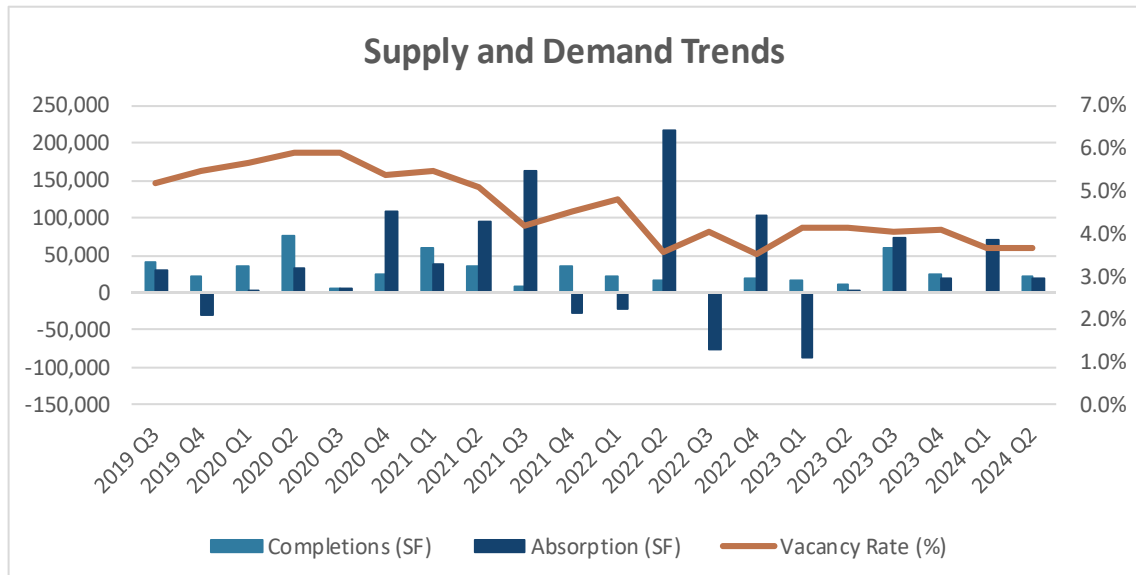
- The Southeast Outlier submarket comprises 3.8% of the metro building stock and 3.8% of the metro building demand.
- The vacancy rate in the Southeast Outlier submarket is 3.69%, which is less than the metro area's average of 4.93%.
- Southeast Outlier market rate is \$23.24/SF which is less than the metro area's average rate of \$23.55/SF.

Southeast Outlier Submarket Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the submarket area is 3.69%; the vacancy rate has increased by 10 bps from 2022 Q2.
- Two-year Base Case forecasts project a 3.59% vacancy rate in the submarket area, representing a decrease of 10 bps by 2026 Q2.
- Asking rent averages \$23.24/SF in the submarket area, and values have increased by 6.65% from 2022 Q2.
- Two-year Base Case forecasts project a \$24.09/SF asking rent in the submarket area, representing an increase of 3.66% by 2026 Q2.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has increased by 0.89% from 2022 Q2, while the demand has increased by 0.79%.
- Between 2019 Q3 and 2024 Q2, net completions in the submarket area have averaged 104,731 SF annually, and reached a peak of 74,871 SF in 2020 Q2.
- Between 2019 Q3 and 2024 Q2, net absorption in the submarket area has averaged 147,358 SF annually, and reached a peak of 216,774 SF in 2022 Q2.

Retail Marketplace Profile

Retail sales trends in the market area are a key indicator of demand. Therefore, we have reviewed the retail market power (RMP) data from Claritas, which is included in the following table. The opportunity gap or surplus available represents the difference between demand and supply. When the demand is greater than supply, there is an opportunity gap, but when demand is less than supply, there is a surplus. A positive value signifies an opportunity gap, while a negative value signifies a surplus.

Opportunity Gap - All Retail Stores - Drive Time									
Retail Store Type	5 minutes			10 minutes			15 minutes		
	2022 Demand (Consumer Expenditures)	2022 Supply (Retail Sales)	2022 Opportunity Gap/Surplus	2022 Demand (Consumer Expenditures)	2022 Supply (Retail Sales)	2022 Opportunity Gap/Surplus	2022 Demand (Consumer Expenditures)	2022 Supply (Retail Sales)	2022 Opportunity Gap/Surplus
Motor Vehicle and Parts Dealers	\$74,495,015	\$47,093,018	\$27,401,997	\$364,713,062	\$313,607,840	\$51,105,222	\$1,088,981,991	\$1,212,432,084	-\$123,450,093
Non-Store Retailers	\$46,673,421	\$19,335,530	\$27,337,891	\$224,484,708	\$121,529,320	\$102,955,388	\$673,151,109	\$194,671,468	\$478,479,641
Building Material and Garden Equipment and Supplies Dealers	\$21,003,390	\$16,044,947	\$4,958,443	\$102,695,969	\$134,463,648	-\$31,767,679	\$304,420,979	\$326,739,243	-\$22,318,264
General Merchandise Stores	\$34,527,776	\$34,543,413	-\$15,637	\$165,450,939	\$243,536,059	-\$78,085,120	\$496,834,359	\$519,116,854	-\$22,282,495
Food Services and Drinking Places	\$32,907,030	\$33,695,329	-\$788,299	\$158,164,273	\$247,792,219	-\$89,627,946	\$476,053,502	\$579,200,503	-\$103,147,001
Food and Beverage Stores	\$40,014,948	\$42,801,623	-\$2,786,675	\$190,646,421	\$277,105,430	-\$86,459,009	\$573,989,307	\$733,426,934	-\$159,437,627
Miscellaneous Store Retailers	\$5,564,583	\$9,804,852	-\$4,240,269	\$26,575,954	\$71,359,116	-\$44,783,162	\$80,051,857	\$103,621,462	-\$23,569,605
Electronics and Appliance Stores	\$4,436,269	\$9,605,006	-\$5,168,737	\$21,238,353	\$61,394,011	-\$40,155,658	\$63,819,728	\$81,457,323	-\$17,637,595
Sporting Goods, Hobby, Musical Instrument, and Book Stores	\$3,835,345	\$9,147,881	-\$5,312,536	\$18,627,224	\$65,228,836	-\$46,601,612	\$55,585,681	\$98,055,562	-\$42,469,881
Furniture and Home Furnishings Stores	\$5,591,428	\$11,006,414	-\$5,414,986	\$26,623,786	\$61,981,437	-\$35,357,651	\$80,061,724	\$87,283,953	-\$7,222,229
Gasoline Stations	\$24,161,850	\$35,176,439	-\$11,014,589	\$115,166,779	\$137,765,994	-\$22,599,215	\$345,770,190	\$320,369,457	\$25,400,733
Health and Personal Care Stores	\$17,221,613	\$33,752,267	-\$16,530,654	\$83,078,358	\$124,447,180	-\$41,368,822	\$248,645,065	\$281,497,628	-\$32,852,563
Clothing and Clothing Accessories Stores	\$11,508,138	\$31,614,178	-\$20,106,040	\$55,259,701	\$108,624,136	-\$53,364,435	\$166,702,424	\$244,262,082	-\$77,559,658
Total Retail Sales Incl Eating and Drinking Places	\$321,940,806	\$333,620,897	-\$11,680,091	\$1,552,725,527	\$1,968,835,226	-\$416,109,699	\$4,654,067,916	\$4,782,134,553	-\$128,066,637

Source: Claritas; compiled by Integra Realty Resources, Inc.

Retail Opportunity Gap Key Takeaways

- The total retail surplus between consumer demand and retail supply within a 5-minute drive of the subject is \$11,680,091.
- The Motor Vehicle and Parts Dealers retail category presents the greatest opportunity gap of \$27,401,997 within a 5-minute drive of the subject.
- The Clothing and Clothing Accessories Stores retail category presents the lowest retail opportunity within a 5-minute drive of the subject.
- The Sporting Goods, Hobby, Musical Instrument, and Book Stores retail category saw the lowest consumer demand within a 5-minute drive of the subject.
- Of the 13 main retail category groups, 3 present an opportunity gap based on consumer demand within a 5-minute drive of the subject.
- Of the 13 main retail category groups, 10 present a surplus based on the supply within a 5-minute drive of the subject.
- The total retail surplus between consumer demand and retail supply within a 10-minute drive of the subject is \$416,109,699.
- The total retail surplus between consumer demand and retail supply within a 15-minute drive of the subject is \$128,066,637.

Retail Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the Houston metro area to have a positive impact on the subject property's performance in the near-term.

Office Market Analysis

Metro Area Overview

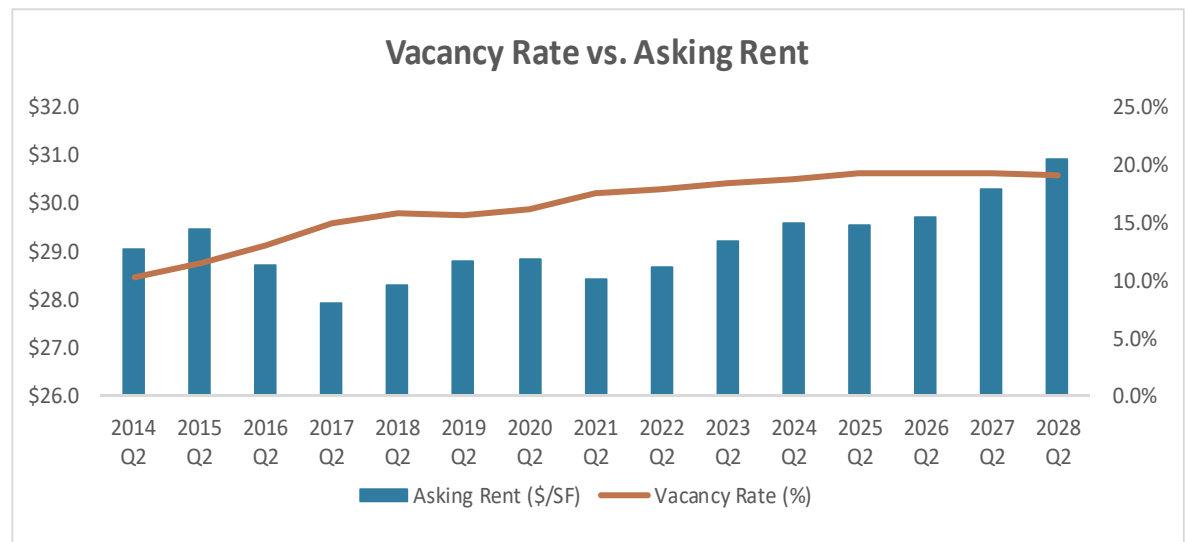
The subject is located in the Houston - TX USA metro area as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

All Office Houston - TX USA Metro Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	315,751,095	283,111,264	10.34%	7,521,451	19,774,040	9,907,019	\$29.03	5.29%	9.94%	6.89%
2015 Q2	328,167,806	290,281,504	11.54%	12,416,711	12,591,303	7,174,021	\$29.48	1.57%	4.89%	6.84%
2016 Q2	336,423,699	292,403,968	13.08%	8,255,893	6,462,146	2,113,666	\$28.70	-2.67%	1.02%	6.91%
2017 Q2	340,264,306	289,660,160	14.87%	3,835,607	4,260,678	-2,747,126	\$27.91	-2.73%	-4.55%	7.37%
2018 Q2	342,534,441	288,582,496	15.75%	2,234,790	3,496,042	-1,198,338	\$28.29	1.36%	-3.87%	7.77%
2019 Q2	344,977,452	291,053,600	15.63%	2,429,212	4,083,764	2,436,812	\$28.79	1.75%	-2.91%	8.06%
2020 Q2	346,751,830	290,468,160	16.23%	1,774,378	6,049,593	-580,226	\$28.86	0.26%	1.26%	8.14%
2021 Q2	349,592,969	288,194,176	17.56%	2,841,139	5,457,808	-2,273,910	\$28.43	-1.51%	-0.25%	7.98%
2022 Q2	353,636,987	290,117,056	17.96%	4,042,418	4,804,992	1,921,270	\$28.68	0.88%	0.82%	8.15%
2023 Q2	355,876,707	290,471,200	18.38%	2,239,720	3,977,442	355,655	\$29.20	1.80%	-7.11%	9.07%
2024 Q2	358,573,747	291,057,536	18.83%	2,697,040	2,504,275	586,333	\$29.61	1.41%	-7.92%	9.64%
2025 Q2	359,993,250	290,604,800	19.27%	1,419,503	0	-428,062	\$29.54	-0.23%	-5.62%	10.09%
2026 Q2	360,725,690	290,919,040	19.35%	732,440	0	324,178	\$29.71	0.57%	1.33%	9.98%
2027 Q2	361,804,300	292,240,384	19.23%	1,078,610	0	1,331,694	\$30.29	1.96%	5.58%	9.63%
2028 Q2	363,386,493	293,990,528	19.10%	1,582,193	0	1,759,860	\$30.93	2.12%	6.87%	9.23%

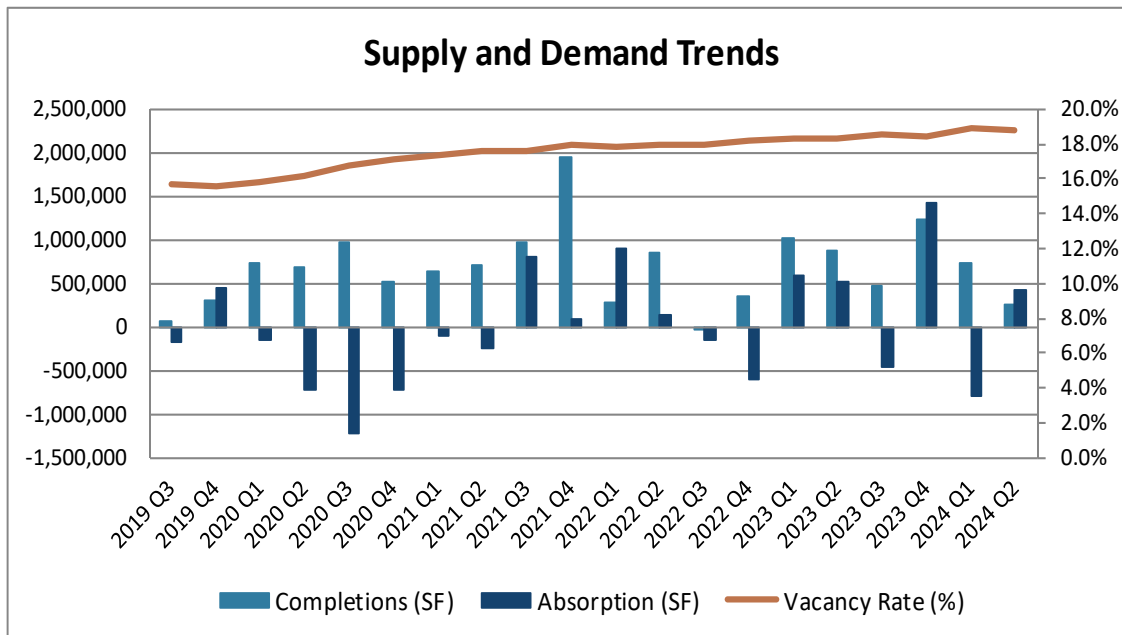
Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Houston - TX USA Metro Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the metro area is 18.83%; the vacancy rate has increased by 87 bps from 2022 Q2.
- Two-year Base Case forecasts project a 19.35% vacancy rate in the metro area, representing an increase of 52 bps by 2026 Q2.
- Asking rent averages \$29.61/SF in the metro area, and values have increased by 3.24% from 2022 Q2.
- Two-year Base Case forecasts project a \$29.71/SF asking rent in the metro area, representing an increase of 0.34% by 2026 Q2.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has increased by 1.40% from 2022 Q2, while the demand has increased by 0.32%.
- Between 2019 Q3 and 2024 Q2, net completions in the metro area have averaged 2,718,939 SF annually and reached a peak of 1,955,308 SF in 2021 Q4.
- Between 2019 Q3 and 2024 Q2, net absorption in the metro area has averaged 1,824 SF annually and reached a peak of 1,420,003 SF in 2023 Q4.

Submarket Overview

The subject is located in the Southeast Outlier submarket as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the following table.

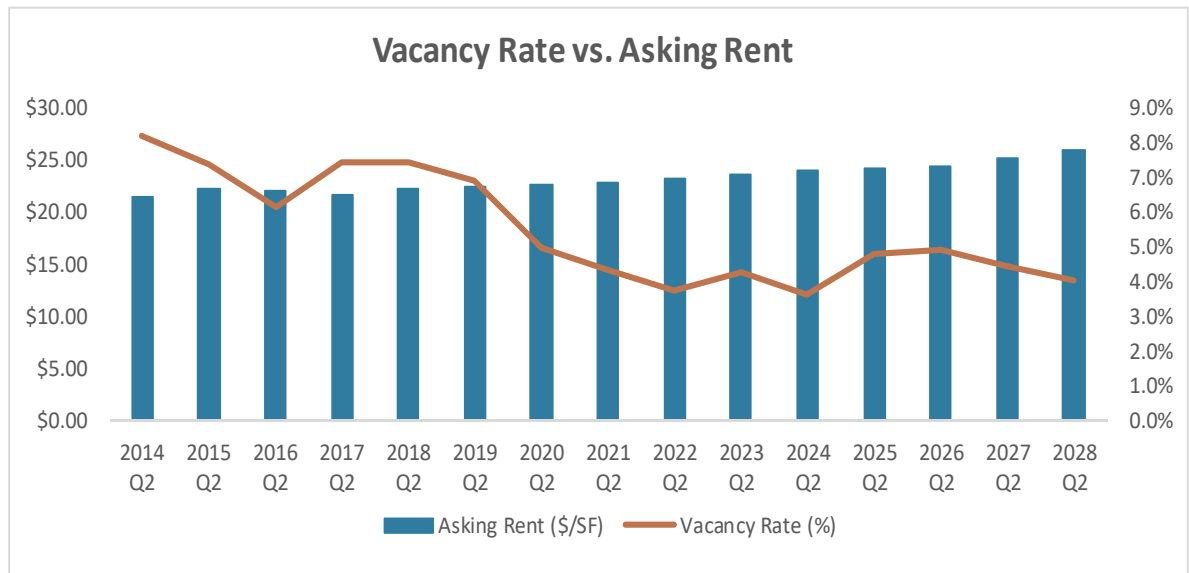
All Office Southeast Outlier Submarket Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	5,272,787	4,838,545	8.24%	18,157	25,915	39,391	\$21.57	5.43%	9.54%	7.20%
2015 Q2	5,299,035	4,906,586	7.41%	26,248	62,458	68,041	\$22.22	3.01%	4.27%	7.15%
2016 Q2	5,334,415	5,007,054	6.14%	35,380	32,659	100,468	\$22.14	-0.34%	2.63%	7.17%
2017 Q2	5,371,874	4,970,345	7.47%	37,459	39,780	-39,659	\$21.77	-1.67%	-2.58%	7.58%
2018 Q2	5,406,654	5,002,933	7.47%	34,780	5,000	34,325	\$22.21	2.03%	-1.51%	7.89%
2019 Q2	5,418,726	5,044,696	6.90%	12,072	0	41,763	\$22.54	1.46%	-0.23%	8.26%
2020 Q2	5,322,737	5,056,532	5.00%	-95,989	7,500	11,836	\$22.71	0.76%	3.20%	8.29%
2021 Q2	5,330,237	5,099,665	4.33%	7,500	0	43,133	\$22.92	0.91%	3.37%	7.98%
2022 Q2	5,330,237	5,131,651	3.73%	0	5,000	31,986	\$23.30	1.70%	1.47%	8.17%
2023 Q2	5,326,168	5,097,045	4.30%	-4,069	0	-34,606	\$23.66	1.52%	-8.12%	9.19%
2024 Q2	5,326,168	5,132,568	3.63%	0	0	35,523	\$24.04	1.62%	-6.71%	9.80%
2025 Q2	5,318,327	5,061,418	4.83%	-7,841	0	-70,778	\$24.14	0.39%	-4.67%	10.26%
2026 Q2	5,310,451	5,050,538	4.89%	-7,876	0	-10,326	\$24.49	1.46%	2.20%	10.15%
2027 Q2	5,305,232	5,069,923	4.44%	-5,219	0	19,927	\$25.19	2.86%	6.43%	9.80%
2028 Q2	5,301,502	5,086,995	4.05%	-3,730	0	17,696	\$25.95	3.03%	7.68%	9.40%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The Southeast Outlier submarket comprises 1.5% of the metro building stock and 1.8% of the metro building demand.
- The vacancy rate in the Southeast Outlier submarket is 3.63%, which is less than the metro area's average of 18.83%.
- Southeast Outlier market rate is \$24.04/SF which is less than the metro area's average rate of \$29.61/SF.

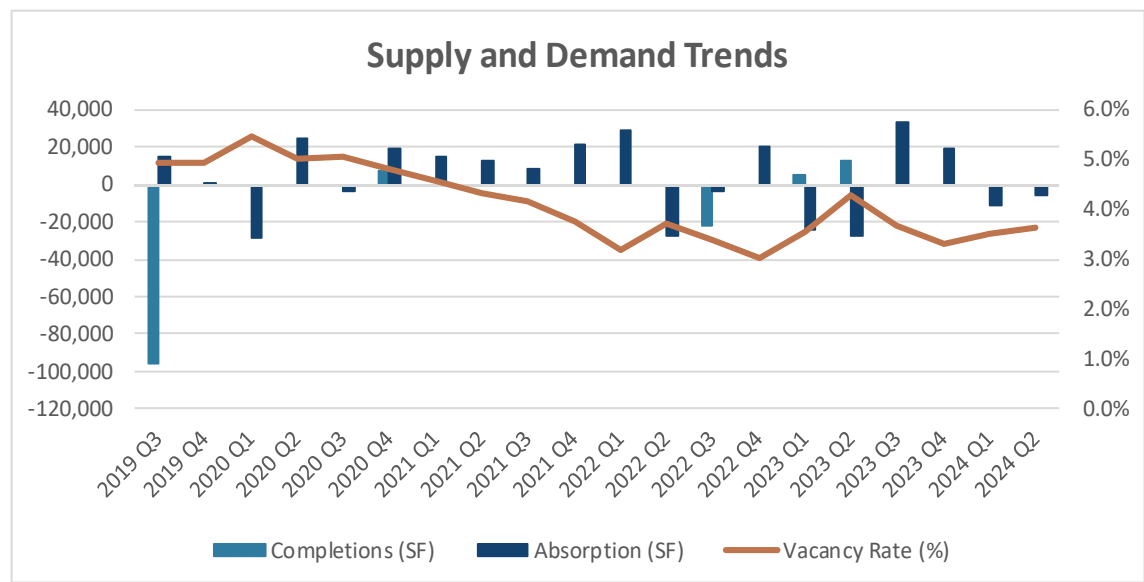
Southeast Outlier Submarket Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the submarket area is 3.63%; the vacancy rate has decreased by 9 bps from 2022 Q2.
- Two-year Base Case forecasts project a 4.89% vacancy rate in the submarket area, representing an increase of 126 bps by 2026 Q2.
- Asking rent averages \$24.04/SF in the submarket area, and values have increased by 3.18% from 2022 Q2.
- Two-year Base Case forecasts project a \$24.49/SF asking rent in the submarket area, representing an increase of 1.87% by 2026 Q2.



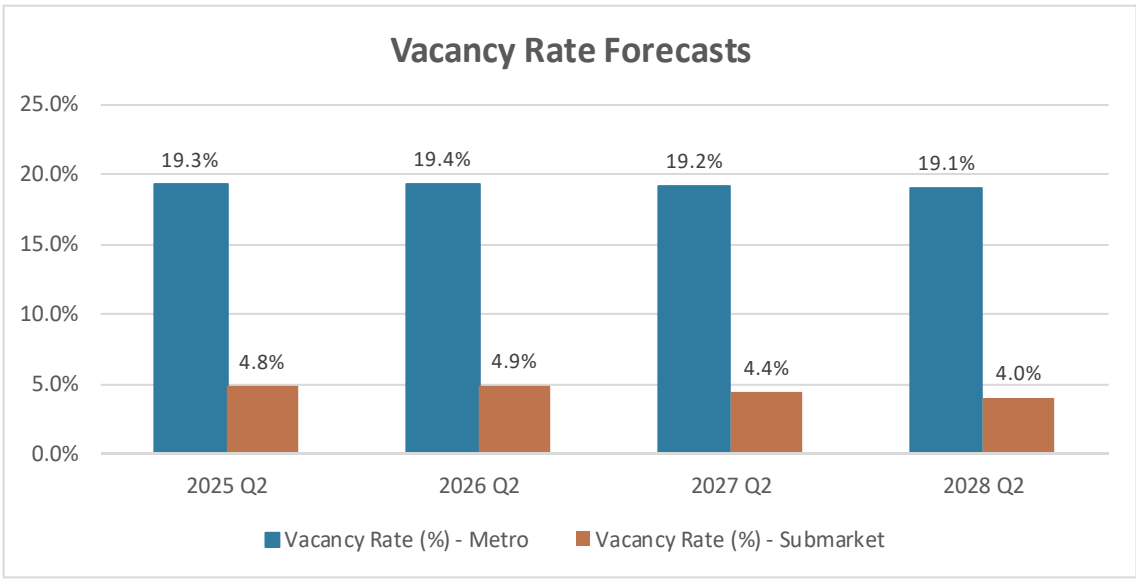


Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

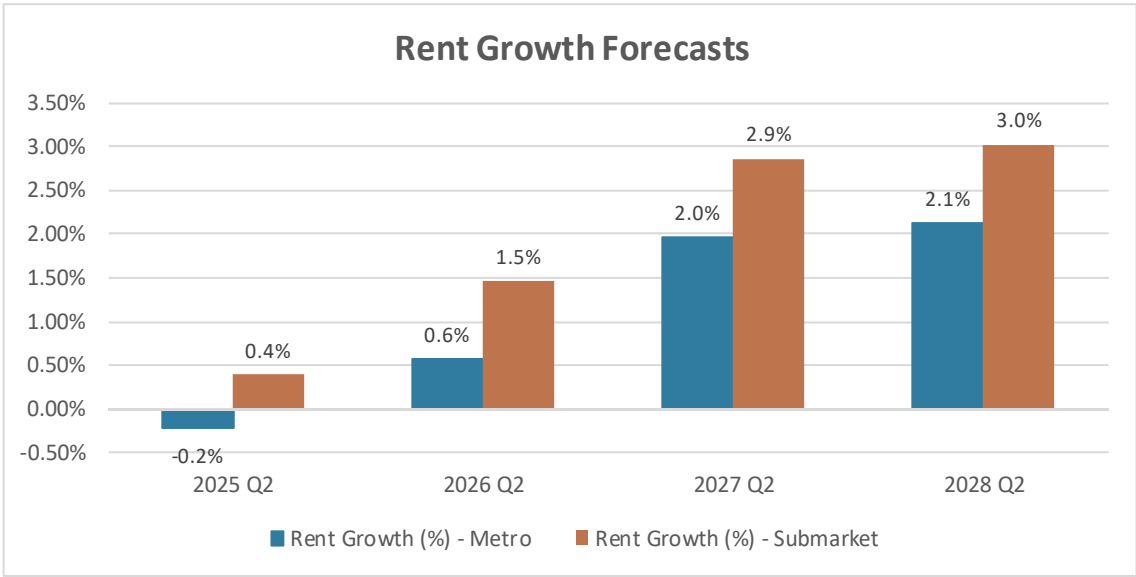
- The total stock (SF) has decreased by 0.08% from 2022 Q2, while the demand has increased by 0.02%.
- Between 2019 Q3 and 2024 Q2, net completions in the submarket area have averaged -18,512 SF annually and reached a peak of 13,151 SF in 2023 Q2.
- Between 2019 Q3 and 2024 Q2, net absorption in the submarket area has averaged 17,574 SF annually and reached a peak of 33,383 SF in 2023 Q3.



Office Market Forecast Comparisons

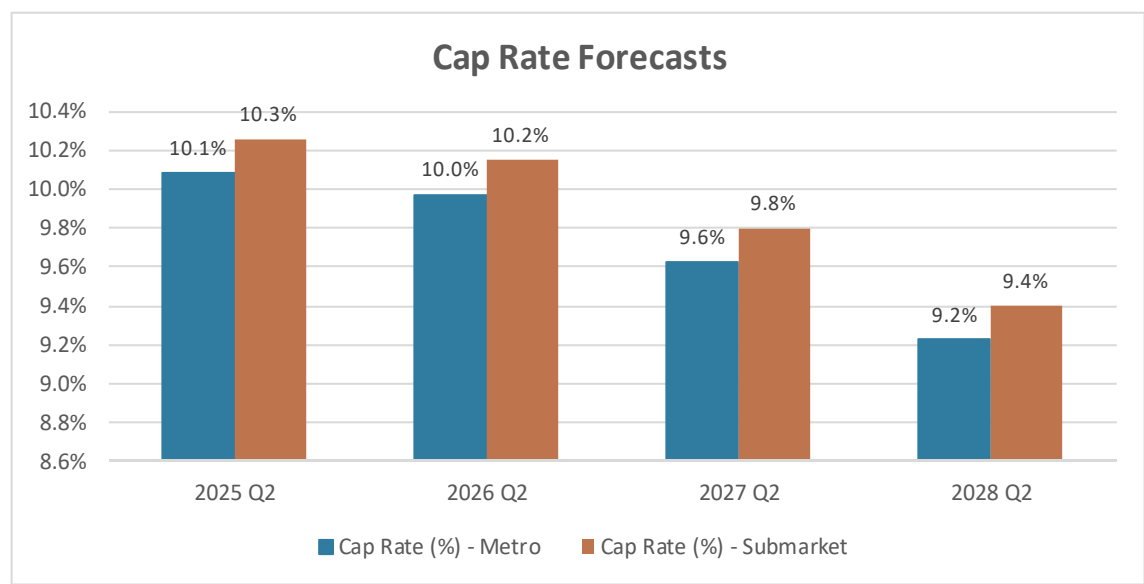


Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.





Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Office Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the DFW metro area to have a positive impact on the subject property’s performance in the near-term.



Multifamily Market Analysis

Metro Area Overview

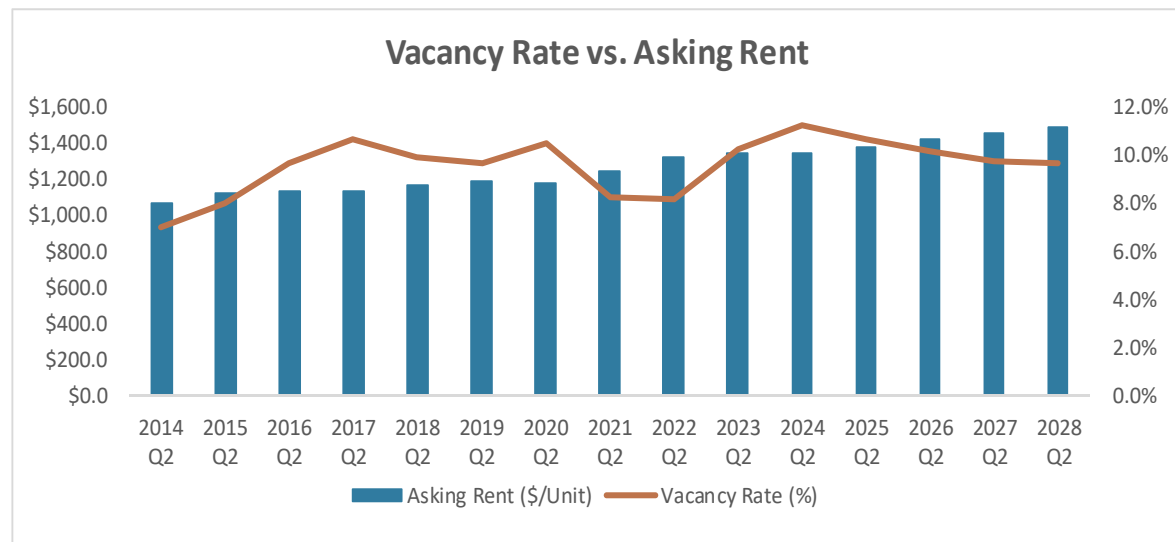
The subject is located in the Houston - TX USA metro area as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

All Multifamily Houston - TX USA Metro Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	536,553	498,910	7.02%	6,440	29,138	8,603	\$1,068	2.66%	5.94%	6.48%
2015 Q2	558,143	513,390	8.02%	21,590	27,526	14,483	\$1,122	5.00%	9.39%	6.18%
2016 Q2	576,580	520,822	9.67%	18,437	26,954	7,458	\$1,132	0.93%	3.73%	6.15%
2017 Q2	594,859	531,566	10.64%	18,276	16,620	10,742	\$1,134	0.16%	3.28%	6.16%
2018 Q2	604,966	544,752	9.95%	10,107	16,130	13,187	\$1,168	3.00%	6.81%	6.01%
2019 Q2	613,863	554,549	9.66%	8,896	25,702	9,802	\$1,184	1.40%	4.25%	5.94%
2020 Q2	631,147	565,129	10.46%	17,281	33,152	10,576	\$1,181	-0.33%	4.25%	5.77%
2021 Q2	651,270	597,716	8.22%	20,123	29,379	32,594	\$1,242	5.22%	14.00%	5.29%
2022 Q2	670,047	615,434	8.15%	18,777	33,922	17,717	\$1,321	6.31%	9.07%	5.19%
2023 Q2	690,998	620,302	10.23%	20,951	37,772	4,869	\$1,341	1.51%	-8.76%	6.06%
2024 Q2	716,046	635,327	11.27%	25,048	19,962	15,025	\$1,344	0.29%	-5.42%	6.44%
2025 Q2	726,469	649,146	10.64%	10,423	0	13,787	\$1,377	2.43%	-2.40%	6.80%
2026 Q2	735,054	660,340	10.16%	8,585	0	11,194	\$1,420	3.10%	7.91%	6.55%
2027 Q2	742,581	670,058	9.77%	7,527	0	9,717	\$1,457	2.59%	8.58%	6.23%
2028 Q2	753,499	680,927	9.63%	10,918	0	10,869	\$1,487	2.13%	8.44%	5.89%

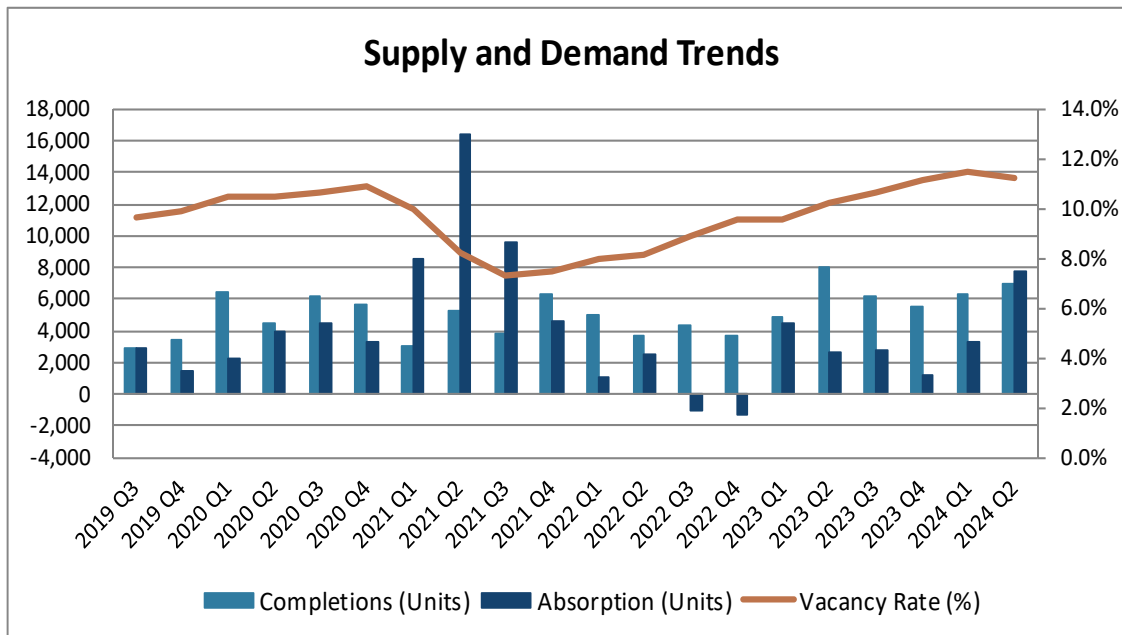
Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Houston - TX USA Metro Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the metro area is 11.27%; the vacancy rate has increased by 312 bps from 2022 Q2.
- Two-year Base Case forecasts project a 10.16% vacancy rate in the metro area, representing a decrease of 111 bps by 2026 Q2.
- Asking rent averages \$1,344/unit in the metro area, and values have increased by 1.77% from 2022 Q2.
- Two-year Base Case forecasts project a \$1,420/unit asking rent in the metro area, representing an increase of 5.62% by 2026 Q2.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (units) has increased by 6.87% from 2022 Q2, while the demand has increased by 3.23%.
- Between 2019 Q3 and 2024 Q2, net completions in the metro area have averaged 20,436 units annually and reached a peak of 8,019 units in 2023 Q2.
- Between 2019 Q3 and 2024 Q2, net absorption in the metro area has averaged 16,156 units annually and reached a peak of 16,410 units in 2021 Q2.

Submarket Overview

The subject is located in the Southeast Houston submarket as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the following table.

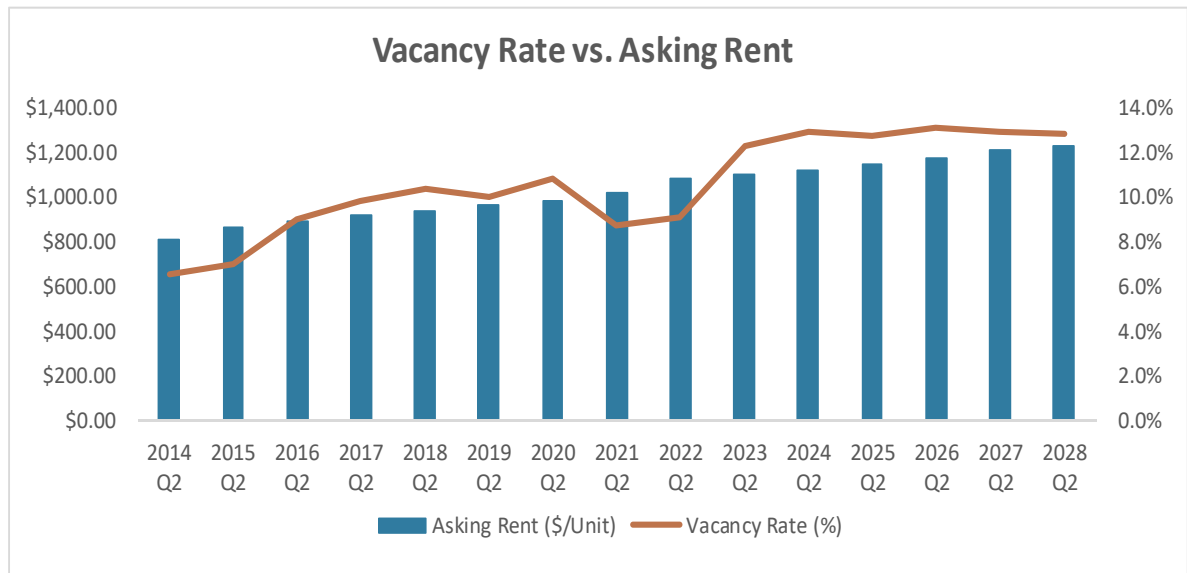
All Multifamily Southeast Houston Submarket Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2014 Q2	68,828	64,301	6.58%	-612	503	512	\$808	3.01%	5.79%	6.95%
2015 Q2	68,900	64,091	6.98%	72	695	-210	\$867	7.35%	9.00%	6.64%
2016 Q2	69,595	63,315	9.02%	695	372	-778	\$898	3.52%	6.37%	6.54%
2017 Q2	70,236	63,303	9.87%	638	408	-12	\$921	2.52%	4.40%	6.52%
2018 Q2	70,320	63,028	10.37%	84	715	-276	\$944	2.51%	8.88%	6.32%
2019 Q2	70,684	63,586	10.04%	364	555	559	\$967	2.50%	8.26%	6.13%
2020 Q2	71,826	64,055	10.82%	1,142	987	469	\$981	1.38%	6.32%	5.90%
2021 Q2	72,363	66,020	8.77%	537	1,132	1,965	\$1,021	4.11%	13.93%	5.39%
2022 Q2	73,146	66,491	9.10%	783	1,963	471	\$1,083	6.10%	7.21%	5.33%
2023 Q2	74,412	65,252	12.31%	1,266	1,901	-1,240	\$1,107	2.22%	-11.09%	6.18%
2024 Q2	75,485	65,713	12.95%	1,073	1,328	460	\$1,118	0.98%	-4.13%	6.55%
2025 Q2	75,697	66,005	12.80%	212	0	292	\$1,147	2.63%	-2.28%	6.90%
2026 Q2	76,675	66,588	13.16%	978	0	583	\$1,181	2.92%	7.69%	6.65%
2027 Q2	77,021	67,068	12.92%	346	0	480	\$1,210	2.43%	8.35%	6.33%
2028 Q2	77,576	67,624	12.83%	555	0	556	\$1,234	1.98%	8.21%	5.99%

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The Southeast Houston submarket comprises 10.5% of the metro building stock and 10.3% of the metro building demand.
- The vacancy rate in the Southeast Houston submarket is 12.95%, which is greater than the metro area's average of 11.27%.
- Southeast Houston market rate is \$1,118/unit which is less than the metro area's average rate of \$1,344/unit.

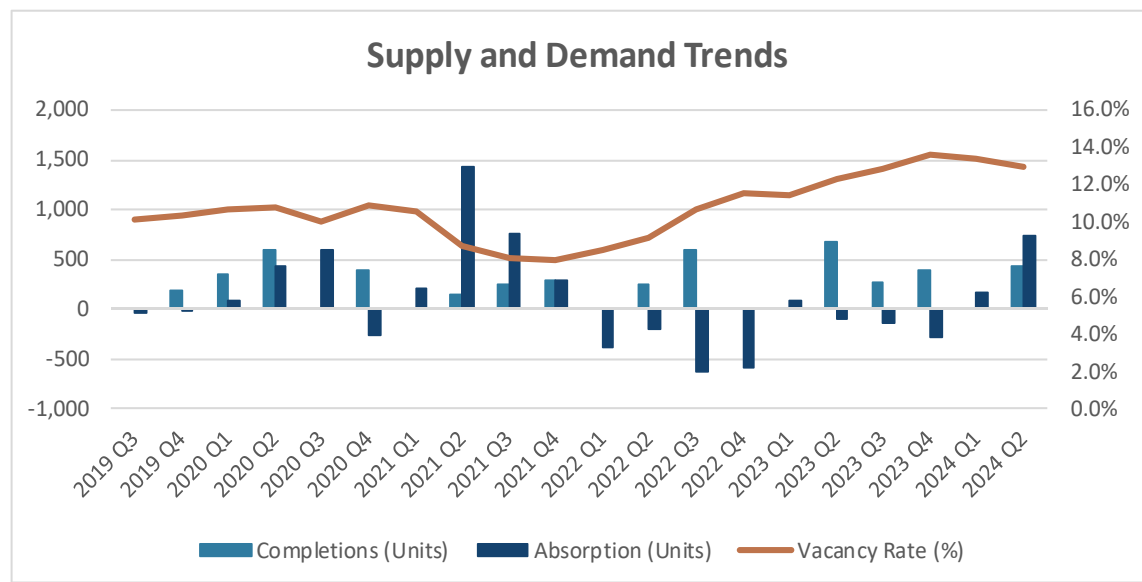
Southeast Houston Submarket Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the submarket area is 12.95%; the vacancy rate has increased by 385 bps from 2022 Q2.
- Two-year Base Case forecasts project a 13.16% vacancy rate in the submarket area, representing an increase of 21 bps by 2026 Q2.
- Asking rent averages \$1,118/unit in the submarket area, and values have increased by 3.23% from 2022 Q2.
- Two-year Base Case forecasts project a \$1,181/unit asking rent in the submarket area, representing an increase of 5.62% by 2026 Q2.



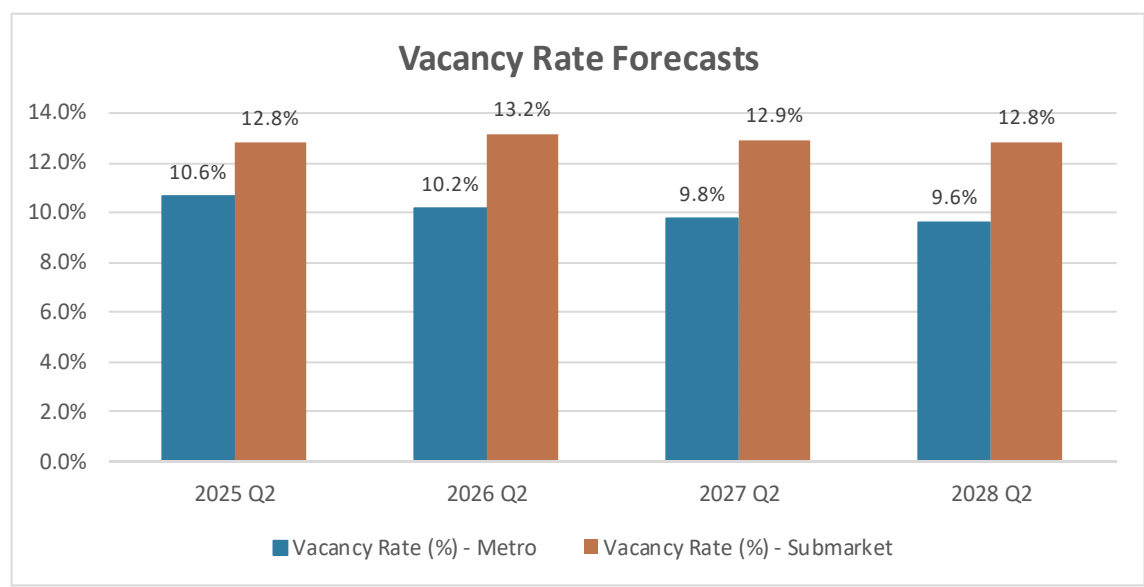


Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

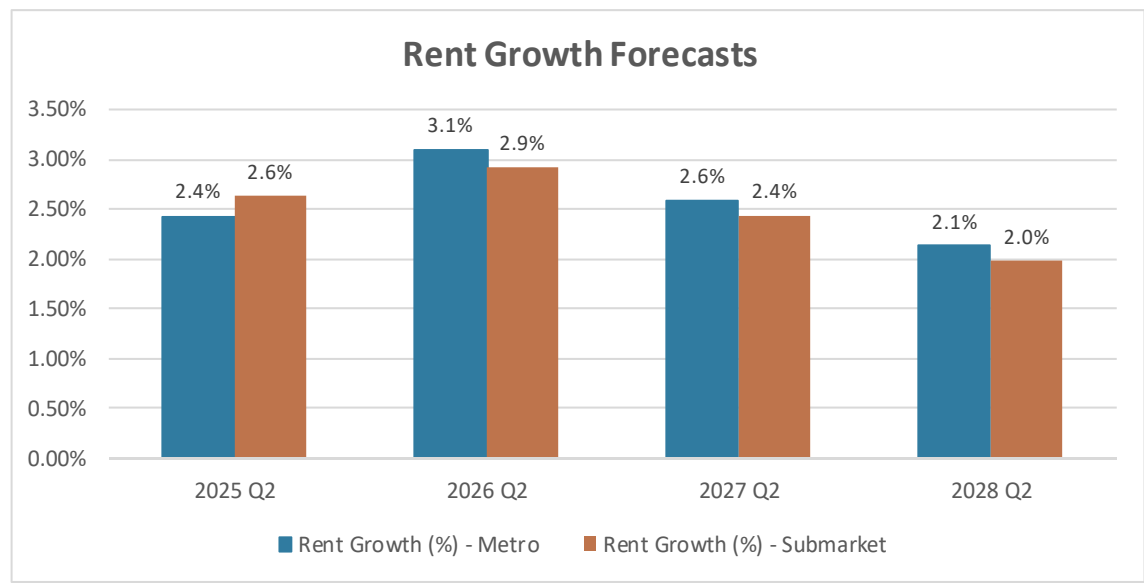
- The total stock (units) has increased by 3.20% from 2022 Q2, while the demand has decreased by 1.17%.
- Between 2019 Q3 and 2024 Q2, net completions in the submarket area have averaged 960 units annually and reached a peak of 675 units in 2023 Q2.
- Between 2019 Q3 and 2024 Q2, net absorption in the submarket area has averaged 425 units annually and reached a peak of 1,436 units in 2021 Q2.



Multifamily Market Forecast Comparisons

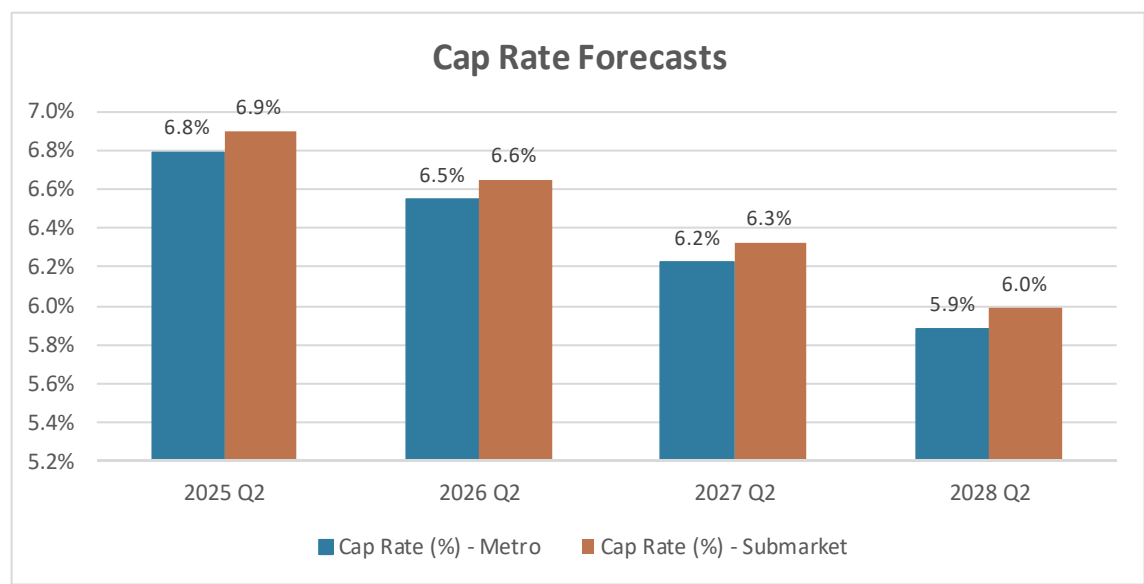


Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.



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Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Multifamily Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the DFW metro area to have a positive impact on the subject property’s performance in the near-term.



Property Analysis

Land Description and Analysis

Location

The property is located on the south side of FM-528, west of W. Bay Area Boulevard in the city of Friendswood in south Harris County near the edge of Galveston County.

Land Area

The subject lots are located within the larger 106.472-acre Friendswood City Center Public Improvement District. The following table summarizes the land area for the 12 lots to be valued.

Land Area Summary		
Parcel	SF	Acres
Lot 1	72,266	1.659
Lot 2	64,207	1.474
Lot 3	72,048	1.654
Lot 4	69,565	1.597
Lot 5	63,336	1.454
Lot 6	119,790	2.750
Lot 7	118,309	2.716
Lot 8	115,870	2.660
Lot 9	133,816	3.072
Lot 10	160,606	3.687
Lot 11	78,669	1.806
Lot 12	762,953	17.515
Source: Engineering Report		

Shape and Dimensions

The sites are generally rectangular in shape. Site utility based on shape and dimensions are average for each.

Topography

The sites are generally level. The topography does not result in any particular development limitations.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.



Flood Hazard Status

The following table indicates applicable flood hazard information for the subject property, as determined by review of available flood maps obtained from the Federal Emergency Management Agency (FEMA).

Flood Hazard Status	
Community Panel Number	48167C0018G
Date	August 15, 2019
Zone	AE
Description	Within 100-year floodplain
Insurance Required?	Yes

It is noted that portion of Lots 6-12 are currently in the AE flood zone. However, as part of the development process these lots will be elevated out of the flood zone.

Environmental Hazards

An environmental assessment report was not provided for review, and during the inspection, no obvious signs of contamination on or near the subject were observed. However, environmental issues are beyond the scope of expertise of the assignment participants. It is assumed the property is not adversely affected by environmental hazards.

Ground Stability

A soils report was not provided for review. Based on the viewing of the subject and development on nearby sites, there are no apparent ground stability problems. However, soils analyses are beyond the scope of expertise of the assignment participants. It is assumed the subject's soil bearing capacity is sufficient to support a variety of uses, including those permitted by zoning.

Utilities

Utilities available to the subject are summarized below.

Utilities	
Service	Provider
Water	City of Friendswood
Sewer	City of Friendswood

Interpretation of zoning ordinances is beyond the scope of expertise of the assignment participants. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

Streets, Access and Frontage

Details pertaining to street access and frontage for the entire Friendswood City Center Public Improvement District are provided in the following table.

Streets, Access and Frontage	
Street	FM-528
Frontage Feet	2,250±
Paving	Concrete
Curbs	Yes
Sidewalks	No
Lanes	2 way, 3 lanes each way
Direction of Traffic	East/West
Condition	Average
Traffic Levels	Moderate
Signals/Traffic Control	None
Access/Curb Cuts	None
Visibility	Good

Zoning

The subject is within a Planned Unit Development (PUD) district. The Planning Concept is to provide a strong neighborhood identity with walkable mixed -use facilities that allow access to services and other businesses without requiring residents to use a car as their main mode of transportation. To accomplish this, Friendswood City Center PUD will combine commercial, retail, hospitality, office, and multifamily residential developments into a vibrant community with walkable streets that support alternative modes of transportation.

The following table summarizes the applicable zoning requirements affecting the subject.

Zoning Summary	
Zoning Jurisdiction	City of Friendswood
Zoning Designation	PUD (Planned Unit Development)
Description	Mixed-use
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Office, retail and multi-family

According to the local planning department, there are no pending or prospective zoning changes. A summary of the restrictions for the 12 lots is summarized in the following table:



Building Regulations

Friendswood City Center PUD Regulation Matrix

PUD Zoning District	Units Per Acre	Lot Area Minimum Sq Ft	Lot Width Minimum Sq Ft	Lot Depth Minimum Sq Ft	Front Yard Setback	Rear Yard Setback	Interior Side Yard	Exterior Side Yard	Maximum Height (4 stories)	Landscape Buffer Width (FM 528)	Landscape Buffer Width (Except FM 528)
Lot 1	n/a	15000	100	150	100	10	10	25	40	15	5
Lots 2-5	n/a	15000	100	150	160	10	10	25	40	15	5
Lots 7	29	15000	100	150	0	10	10	10	70	0	0
Lots 8	n/a	15000	100	150	0	10	10	10	70	0	0
Lots 6, 9, 10	29	15000	100	150	50	0	10	25	70	15	5
Lot 11	29	15000	100	150	0	0	10	25	70	0	0
Lot 12 MFR	29	n/a	n/a	n/a	25	0	25	25	70	0	5

Base zoning districts CSC and MFR-H per COF Zoning Ordinance.

Lot coverage based on approved drainage plan.

Landscape buffers may include walkways, boardwalks, patios, plazas, courtyards, bulkheads, retaining walls, and similar structures are permitted in the landscape buffer except for along FM 528.

No multifamily use shall be allowed on the first floor of Lots 6, 7, 9 and 10.

Other Land Use Regulations

There are no other known land use regulations that would affect the property.

Easements, Encroachments and Restrictions

Based upon a review of the property survey, there are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include office, retail and multi-family. No other restrictions on development are apparent.

General Description - Friendswood City Center Public Improvement District

The Friendswood City Center Development is a 106.472-acre property that will eventually include multi-family residential and commercial properties; installation of a Fire Station, an extension of Blackhawk Boulevard to W. Bay Area Boulevard, and two detention basins to mitigate stormwater runoff increases from the development of the site and two adjacent properties. Although currently the majority of the overall site is located in a flood zone, upon completion of development, only the southern 52.343 acres will remain as a flood/drainage/recreation/open space area.

The subject represents 12 lots within the Friendswood City Center Public Improvement District (the "PID"). Currently, six of the 12 lots (1-6) are developable with the remaining lots requiring infrastructure which is scheduled for completion by May 31, 2025. In addition, portions, or all, of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process. However, Lots 1-5 are currently ready for vertical development and are to be improved with retail buildings as of the effective date of the appraisal. Our valuation also includes both the land values as well as the improvement values for these improvements on a stabilized basis. The 12 lots are zoned under a PUD (Planned Unit Development) which allows for office, retail and multi-family uses.

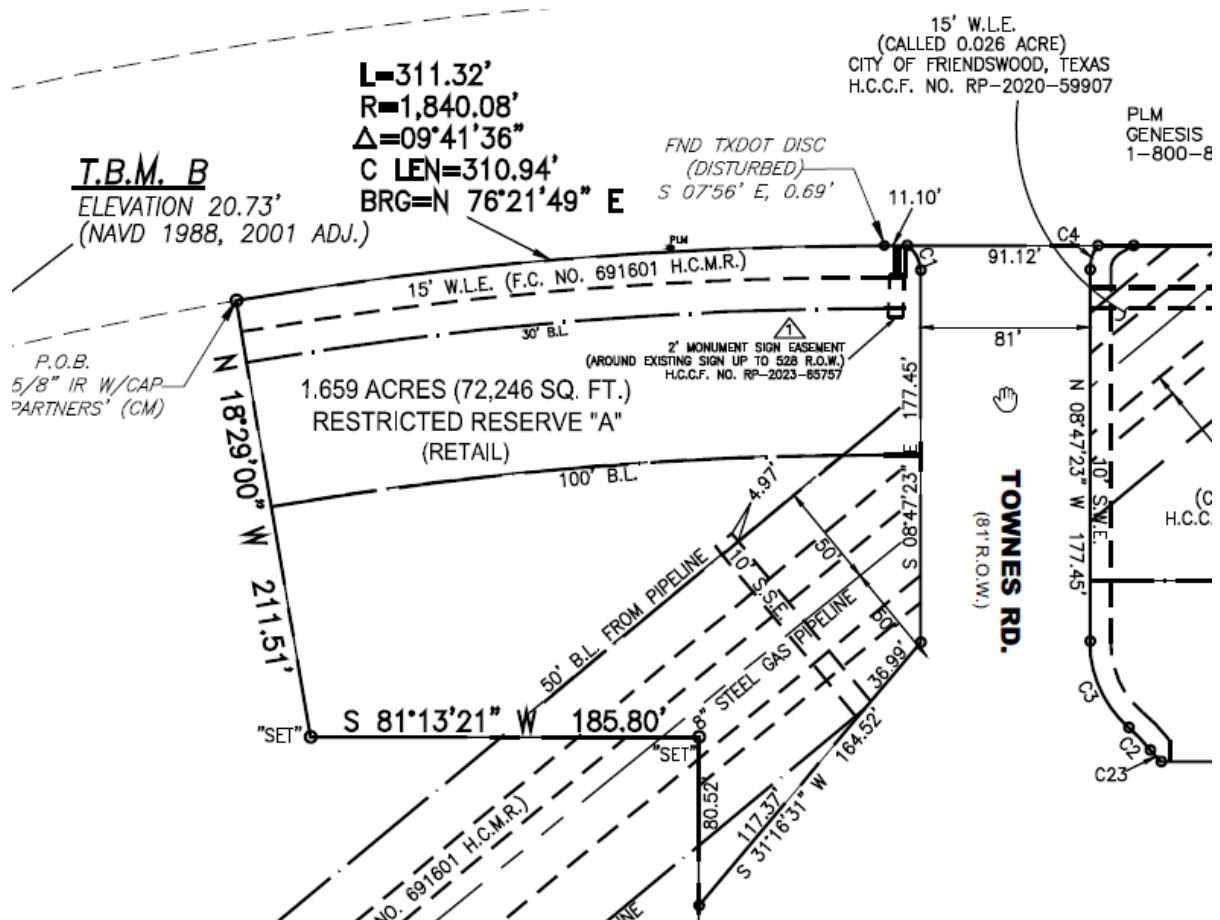
As part of the development process, six of the 12 lots (6-12) will be elevated from the flood zone and interior streets will be constructed to provide access to all 12 lots. Improvements will include concrete streets with curbs and gutters, streetlights, landscaping, and an entry feature. In addition, as part of the PID Improvements development a public park will be constructed.

"The Park at Friendswood Center" will be a 50± acre park amenity that will be located along the banks of Clear Creek. It is designed to serve as a storm water detention area for the neighboring developments as well as a place for the residents of these neighborhoods to experience nature. Within the Park there will be a 2.2-mile network of trails that will connect exercise stations, stone benches, bird viewing platforms and other amenities along the paths. The paths will be lit with solar powered led lighting along the entire trail.

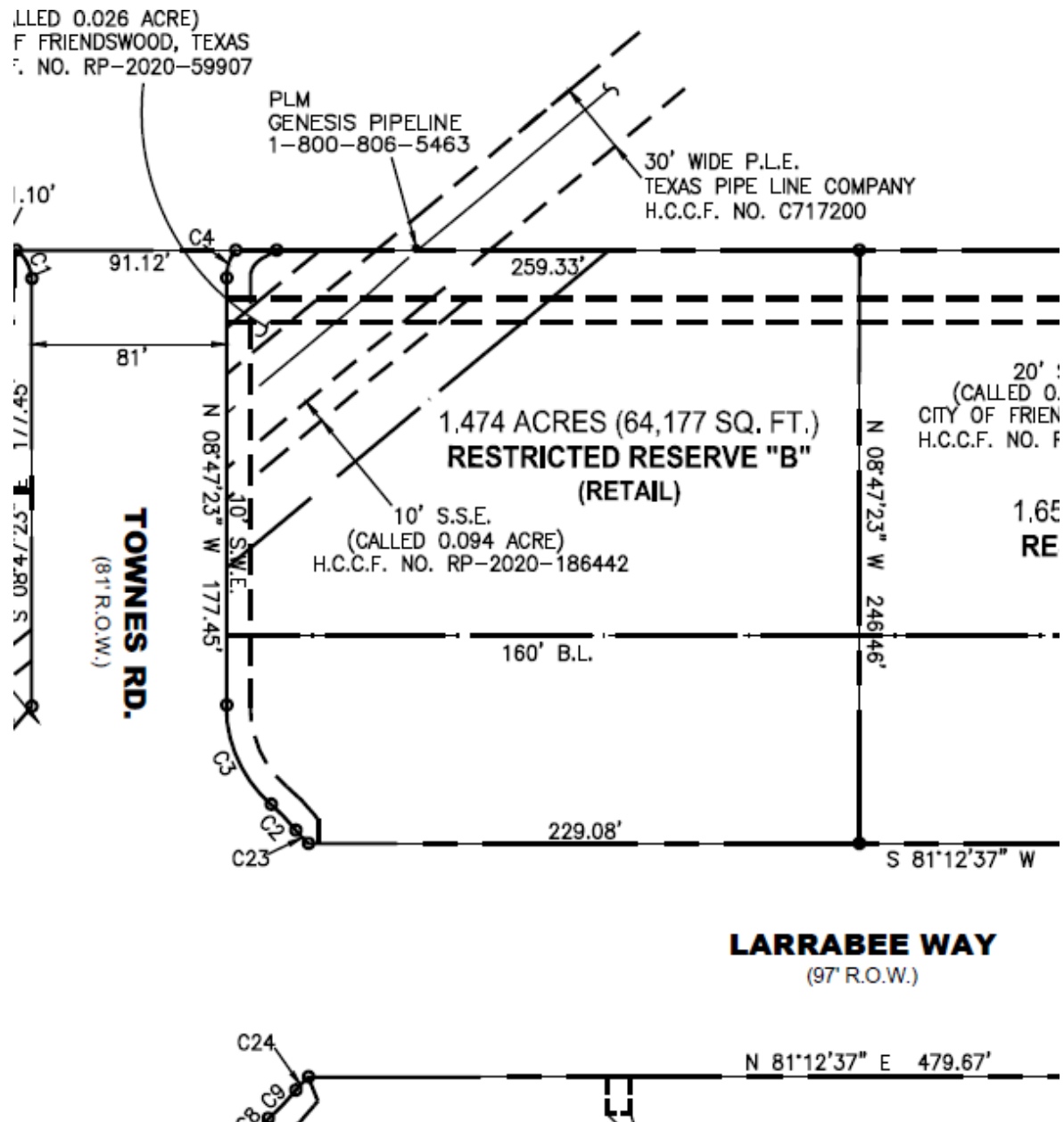
"The Park at Friendswood Center" will be anchored on the southern end by Clear Creek and on the northern edge by a 4-acre fishing pond with dock and pier, which will be connected by a waterfall to a lower 5-acre wetland pond for a natural lead into the forest beyond. In addition to the trails, the park will also have a bath house with toilet and outdoor shower facilities, lighted parking and groundskeeping facilities.

A summary of each lot follows:

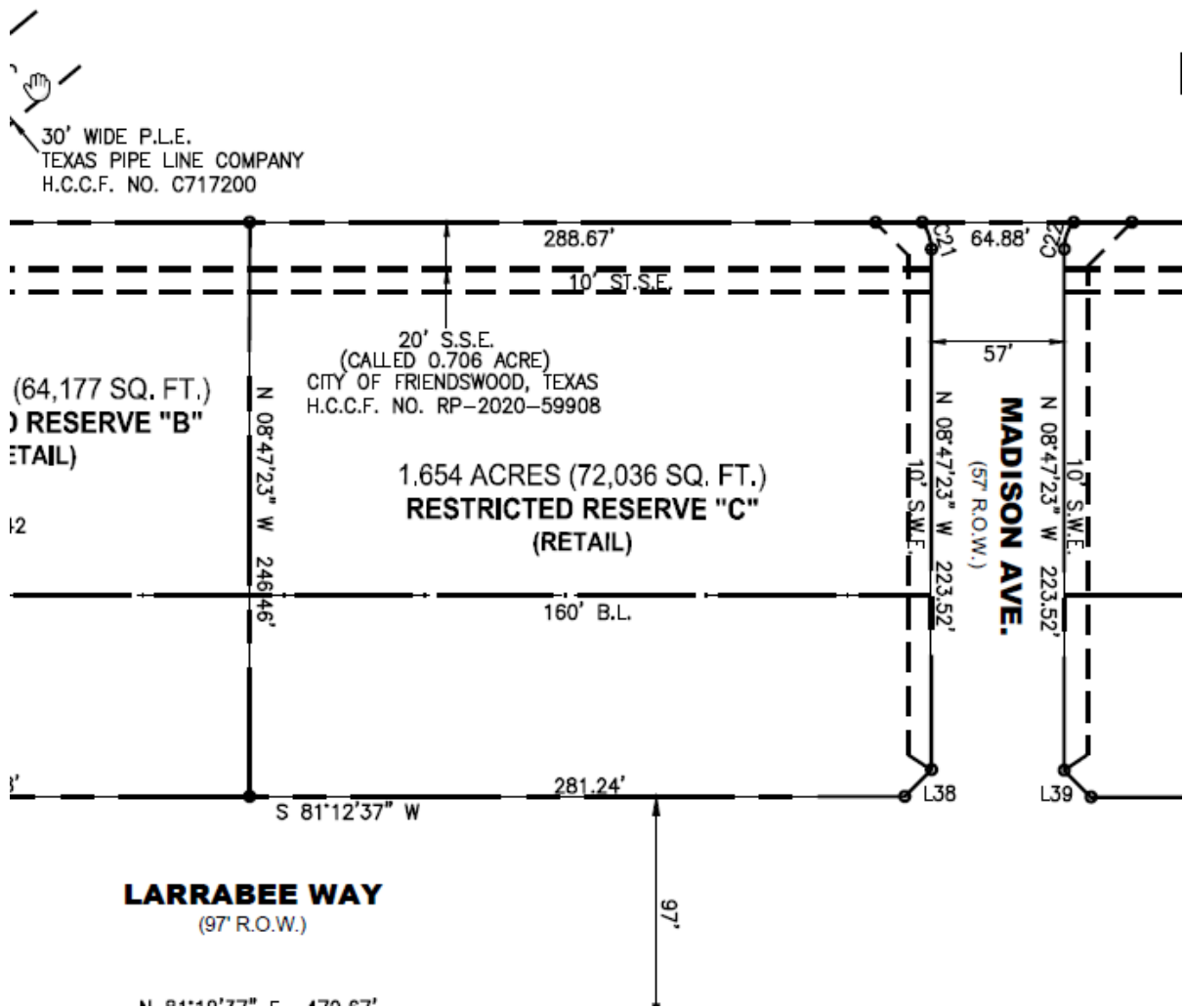
Lot 1 (Reserve A) is located at the southwest corner of FM-528 and existing Townes Road in the northwest quadrant of the PID. This semi-rectangular shaped lot contains 1.659 gross acres (72,246 square feet) and is to be developed for retail uses with a 15,374 square foot building. The site has a 50' pipeline easement located in the southeast quadrant; however, this area can be used for parking and drive thru.



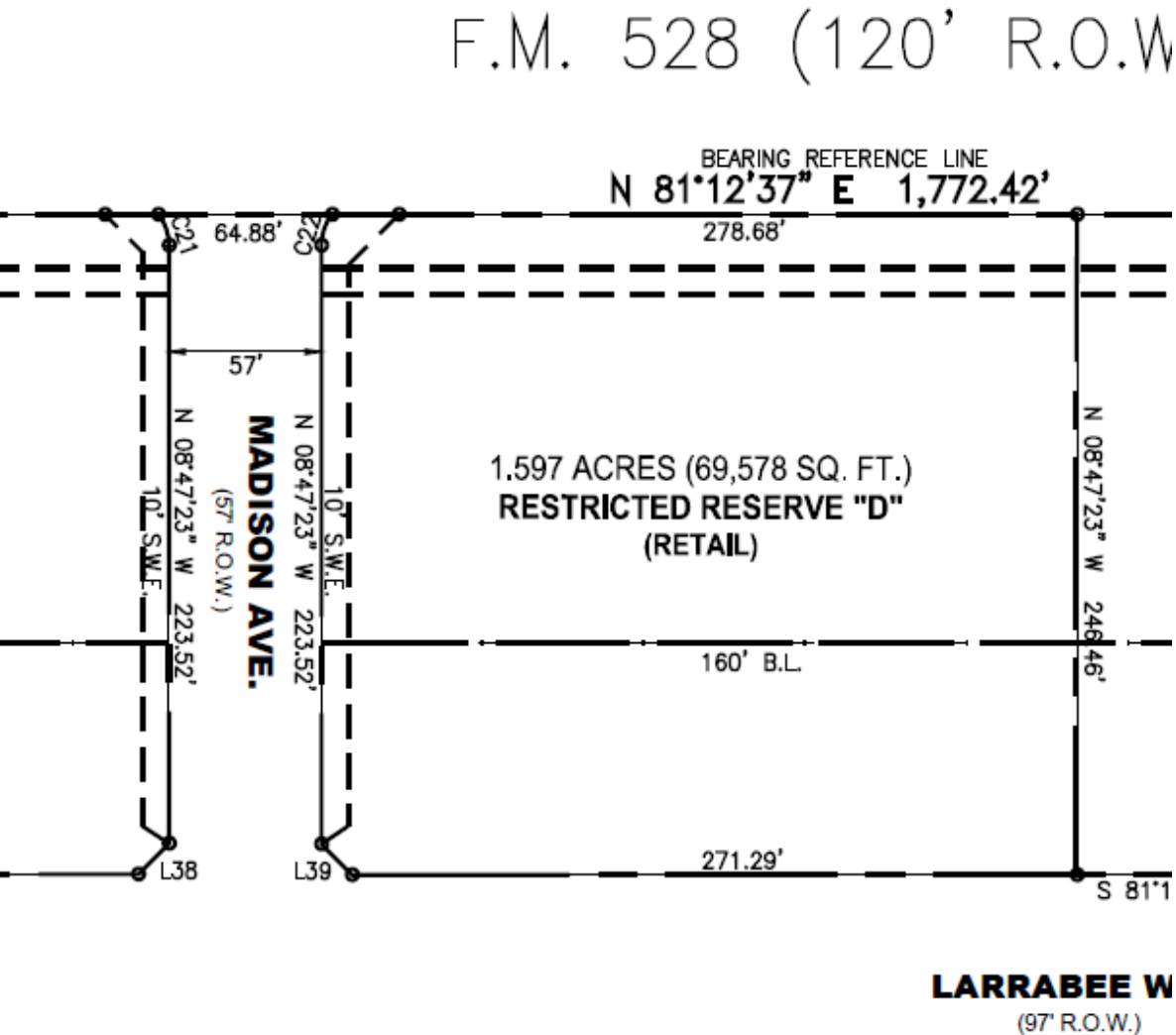
Lot 2 (Reserve B) is located at the southeast corner of FM-528 and existing Townes Road in the northwest quadrant of the PID. The lot also encompasses the northeast corner of Townes Road and proposed Larrabee Way. This rectangular shaped lot contains 1.474 gross acres (64,177 square feet) and is to be developed for retail/office uses with a 14,880 square foot building. The site has a 50' pipeline easement located in the northwest quadrant; however, this area can be used for parking.



Lot 3 (Reserve C) is located at the southwest corner of FM-528 and proposed Madison Avenue in the northwest quadrant of the PID. The lot also encompasses the northwest corner of proposed Madison Avenue and proposed Larrabee Way. This rectangular shaped lot contains 1.654 gross acres (72,036 square feet) and is to be developed for retail/office uses with a 16,608 square foot building.



Lot 4 (Reserve D) is located at the southeast corner of FM-528 and proposed Madison Avenue in the central quadrant of the PID. The lot also encompasses the northeast corner of proposed Madison Avenue and proposed Larrabee Way. This rectangular shaped lot contains 1.597 gross acres (69,578 square feet) and is to be developed for retail/office uses with a 14,862 square foot building.



1.454 ACRES (63,320 SQ. FT.)
RESTRICTED RESERVE "E"
(RETAIL)

245.87'

115.10'

10' ST.S.E.

100'

N 08°47'23" W 246'46"

160' B.L.

228.05'

S 81°12'37" W

S 08°47'23" E 163.96'

L40

L41

L42

L43

120'

VCE LINE

1,772.42'

100' ST.S.E.

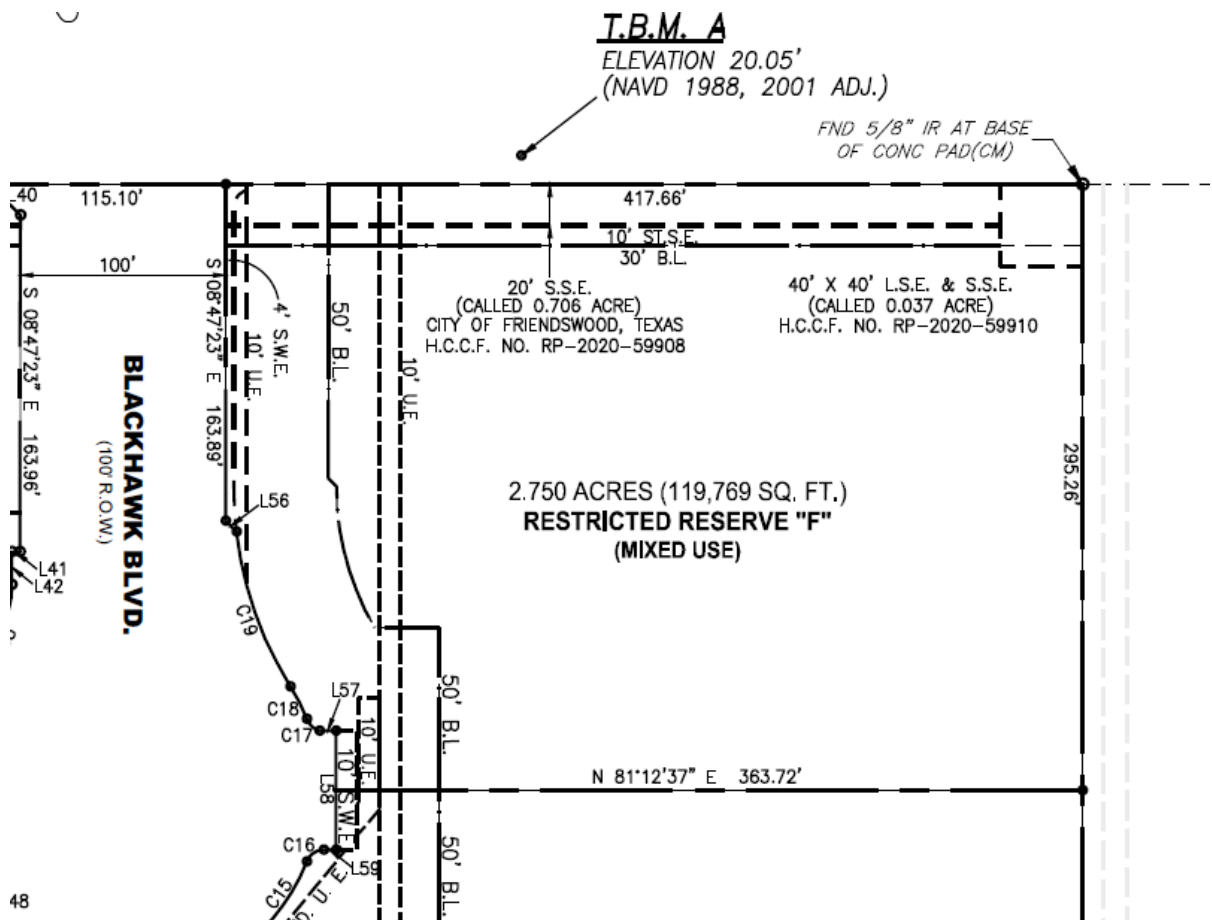
100' R.O.W.

97' R.O.W.

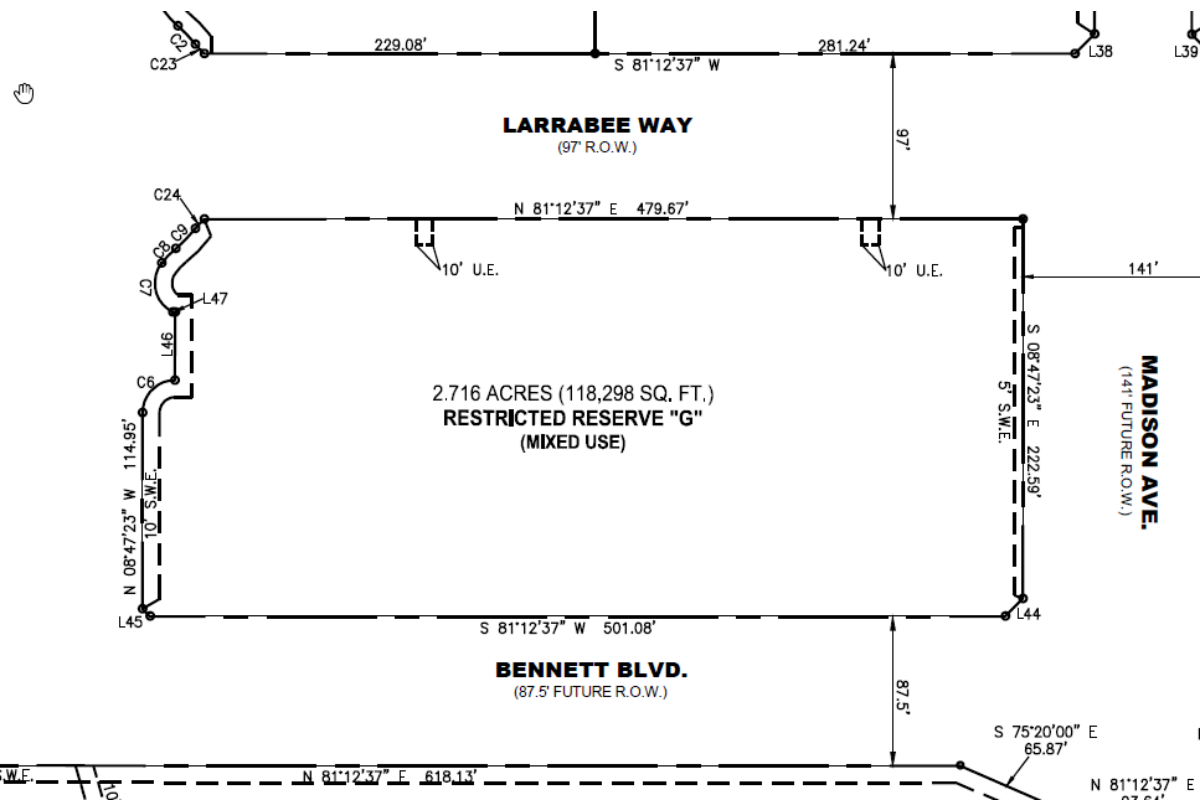
LARRABEE WAY

BLACKHAWK BLVD.

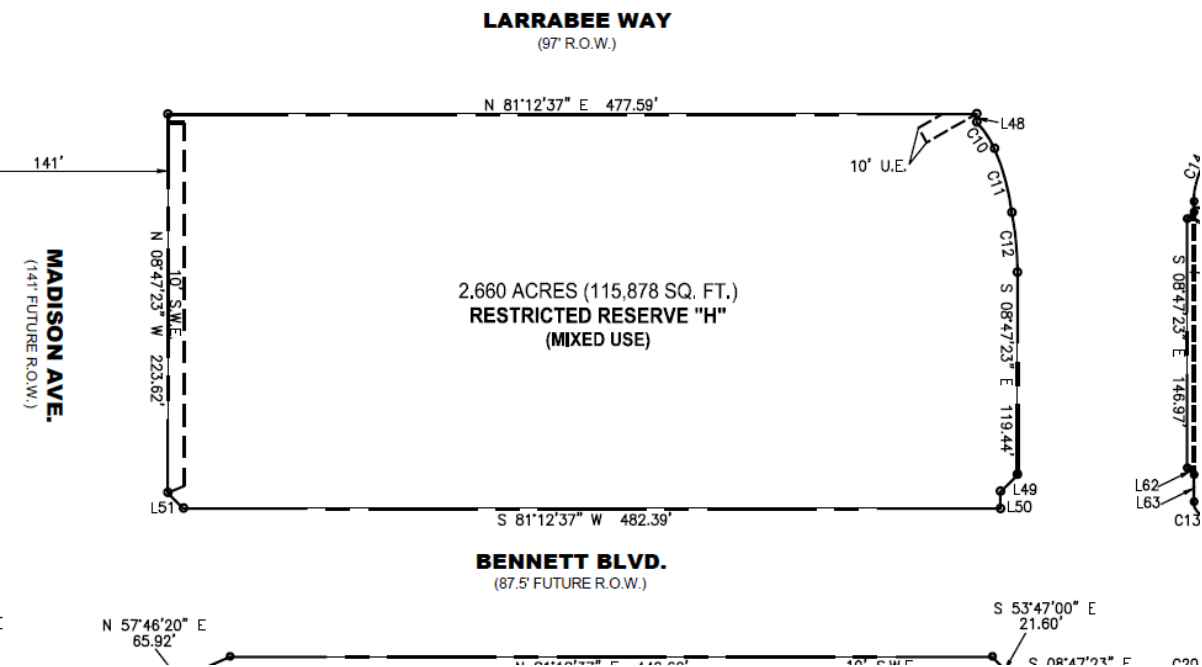
Lot 6 (Reserve F) is located at the southeast corner of FM-528 and proposed Blackhawk Avenue in the northeast quadrant of the PID. This rectangular shaped lot contains 2.750 gross acres (119,769 square feet) and is to be developed for a combination of multi-family and retail/office uses with a 100,000 square foot building.



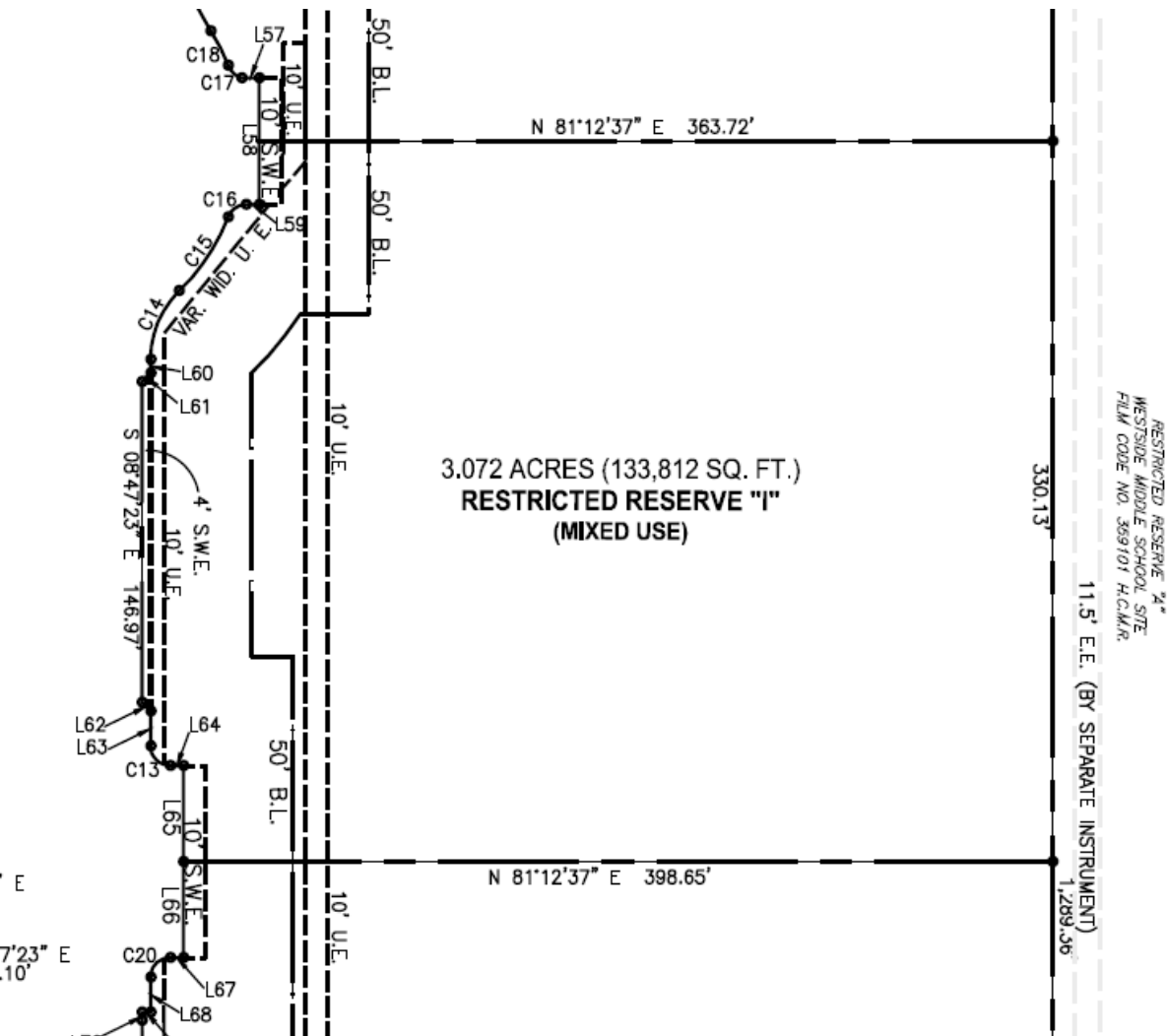
Lot 7 (Reserve G) is located at the southwest corner of proposed Madison Avenue and proposed Larrabee Way in the western central quadrant of the PID. The lot is bounded on all four sides by proposed roadways. This rectangular shaped lot contains 2.716 gross acres (118,298 square feet) and is to be developed for a combination of multi-family and retail/office uses with a 111,000 square foot building.



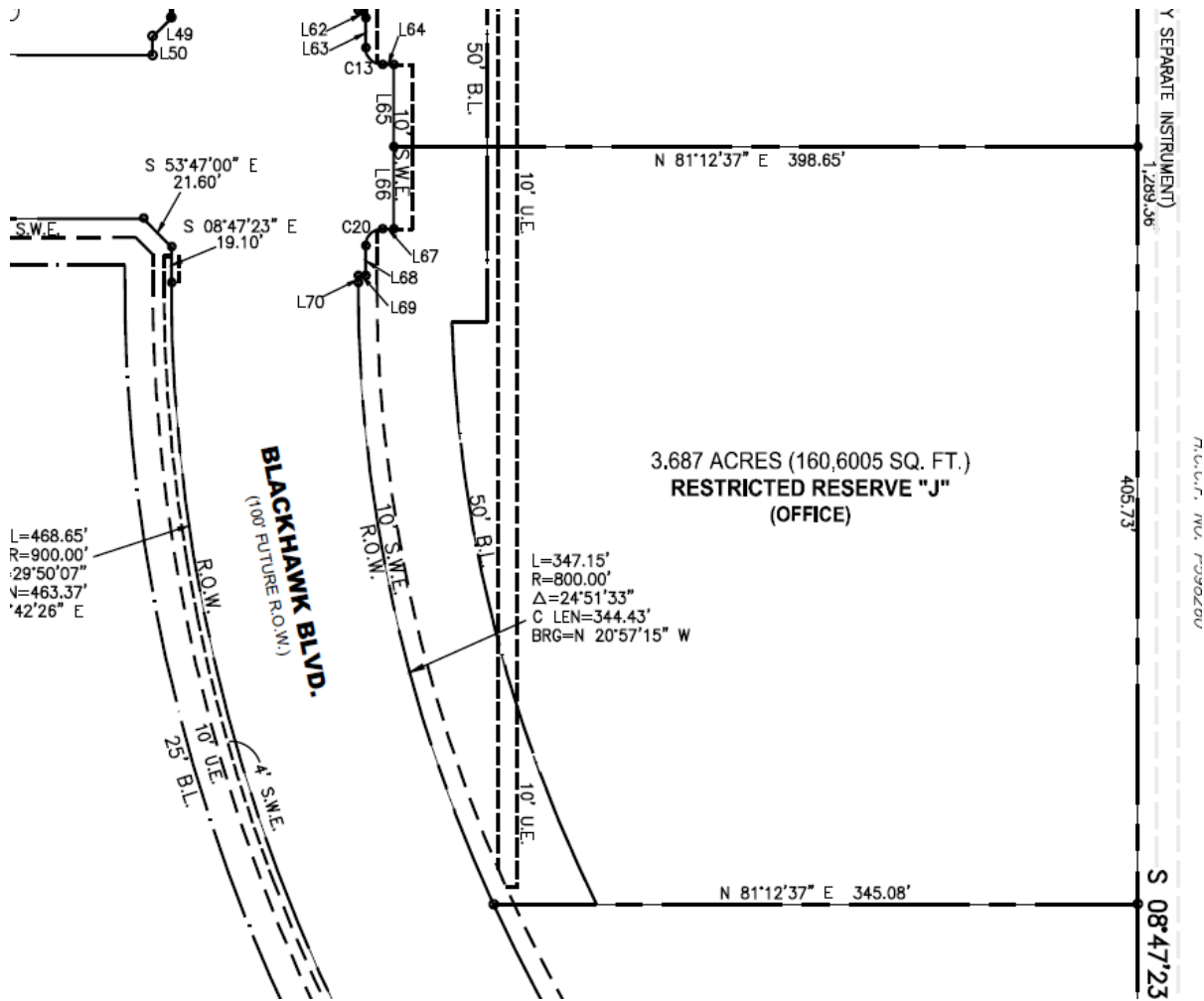
Lot 8 (Reserve H) is located at the southwest corner of proposed Blackhawk Avenue and proposed Larrabee Way in the eastern central quadrant of the PID. The lot is bounded on all four sides by proposed roadways. This rectangular shaped lot contains 2.660 gross acres (115,878 square feet) and is to be developed with a hotel with a 167,300 square foot building.



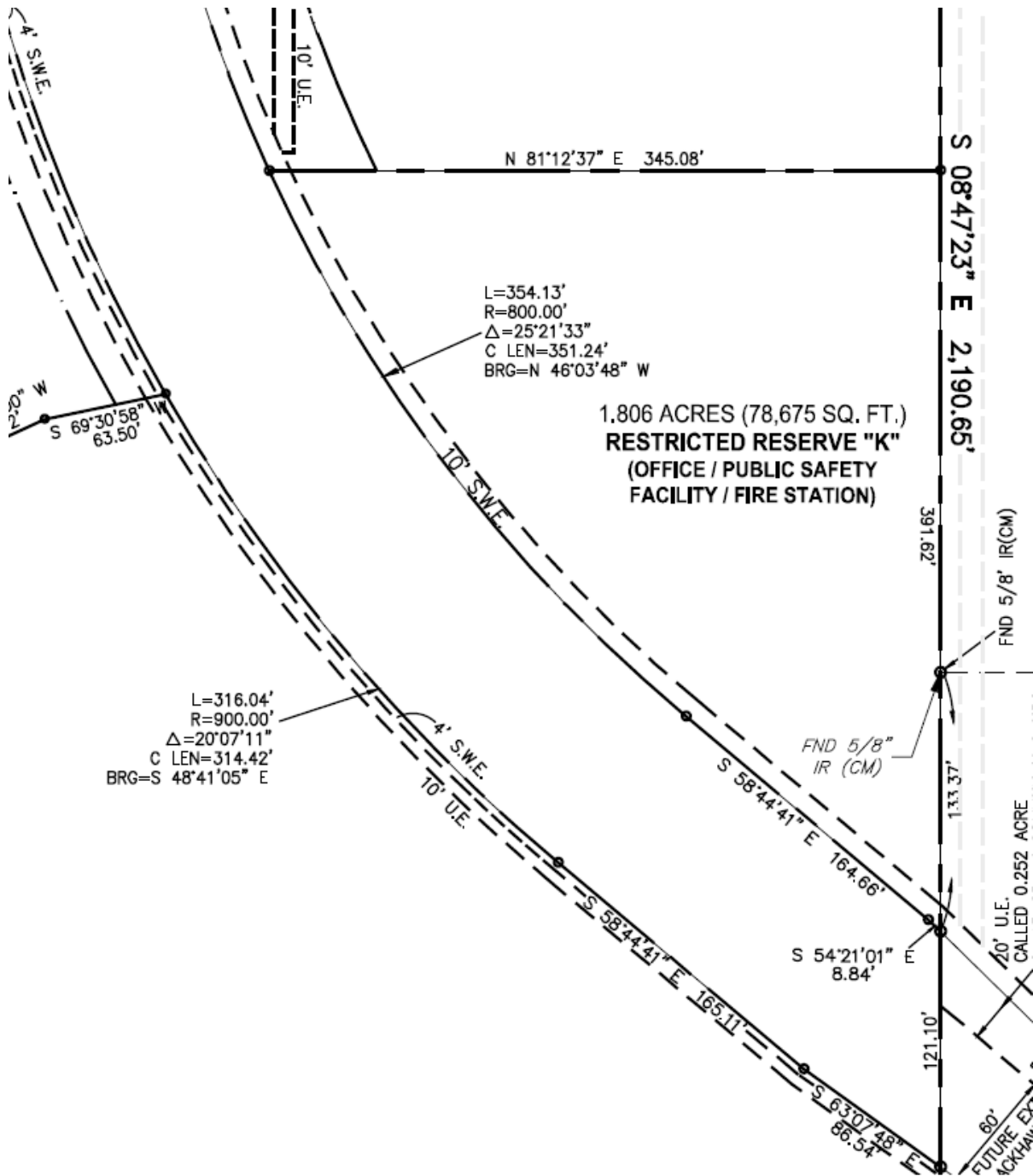
Lot 9 (Reserve I) is located on the east side of proposed Blackhawk Boulevard at proposed Larrabee Way in the eastern central quadrant of the PID. This rectangular shaped lot contains 3.072 gross acres (133,812 square feet) and is to be developed for a combination of multi-family and retail/office uses with a 100,000 square foot building.



Lot 10 (Reserve J) is located on the east side of proposed Blackhawk Boulevard at proposed Bennett Boulevard in the eastern central quadrant of the PID. This rectangular shaped lot contains 3.687 gross acres (160,605 square feet) and is to be developed with a medical office building with a 115,000 square foot building.



Lot 11 (Reserve K) is located on the east side of proposed Blackhawk Boulevard, south of proposed Bennett Boulevard in the southeastern quadrant of the PID. This triangular shaped lot contains 1.806 gross acres (78,675 square feet) and is to be developed with a medical office building with a 76,000 square foot building.

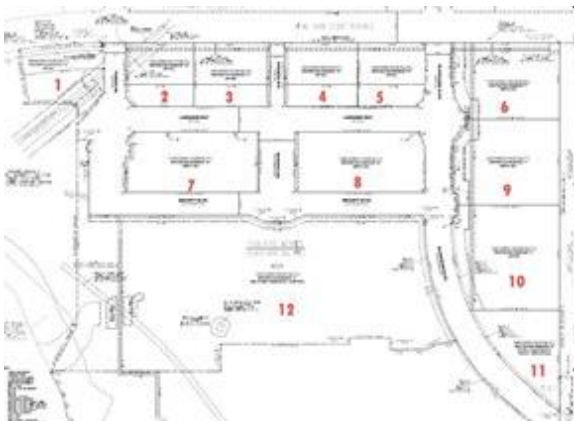


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The 12 lots and buildings to be valued within the Friendswood City Center Public Improvement District are summarized in the following exhibit:

Friendswood City Center Public Improvement District

Parcel/Building	Legal	Size/Acres	Building	Expected
			Size SF	Completion Date
Lot 1	(Reserve A)	1.659	N/A	July 5, 2024
Lot 2	(Reserve B)	1.474	N/A	July 5, 2024
Lot 3	(Reserve C)	1.654	N/A	July 5, 2024
Lot 4	(Reserve D)	1.597	N/A	July 5, 2024
Lot 5	(Reserve E)	1.454	N/A	July 5, 2024
Lot 6	(Reserve F)	2.75	N/A	May 31, 2025
Lot 7	(Reserve G)	2.716	N/A	May 31, 2025
Lot 8	(Reserve H)	2.66	N/A	May 31, 2025
Lot 9	(Reserve I)	3.072	N/A	May 31, 2025
Lot 10	(Reserve J)	3.687	N/A	May 31, 2025
Lot 11	(Reserve K)	1.806	N/A	May 31, 2025
Lot 12	(Reserve L)	17.515	N/A	May 31, 2025
Building 1	(Reserve A)	1.659	15,374	May 31, 2025
Building 2	(Reserve B)	1.474	14,880	May 31, 2025
Building 3	(Reserve C)	1.654	16,608	May 31, 2025
Building 4	(Reserve D)	1.597	14,862	May 31, 2025
Building 5	(Reserve E)	1.454	14,684	May 31, 2025







Aerial Photograph



Tax Plat Map

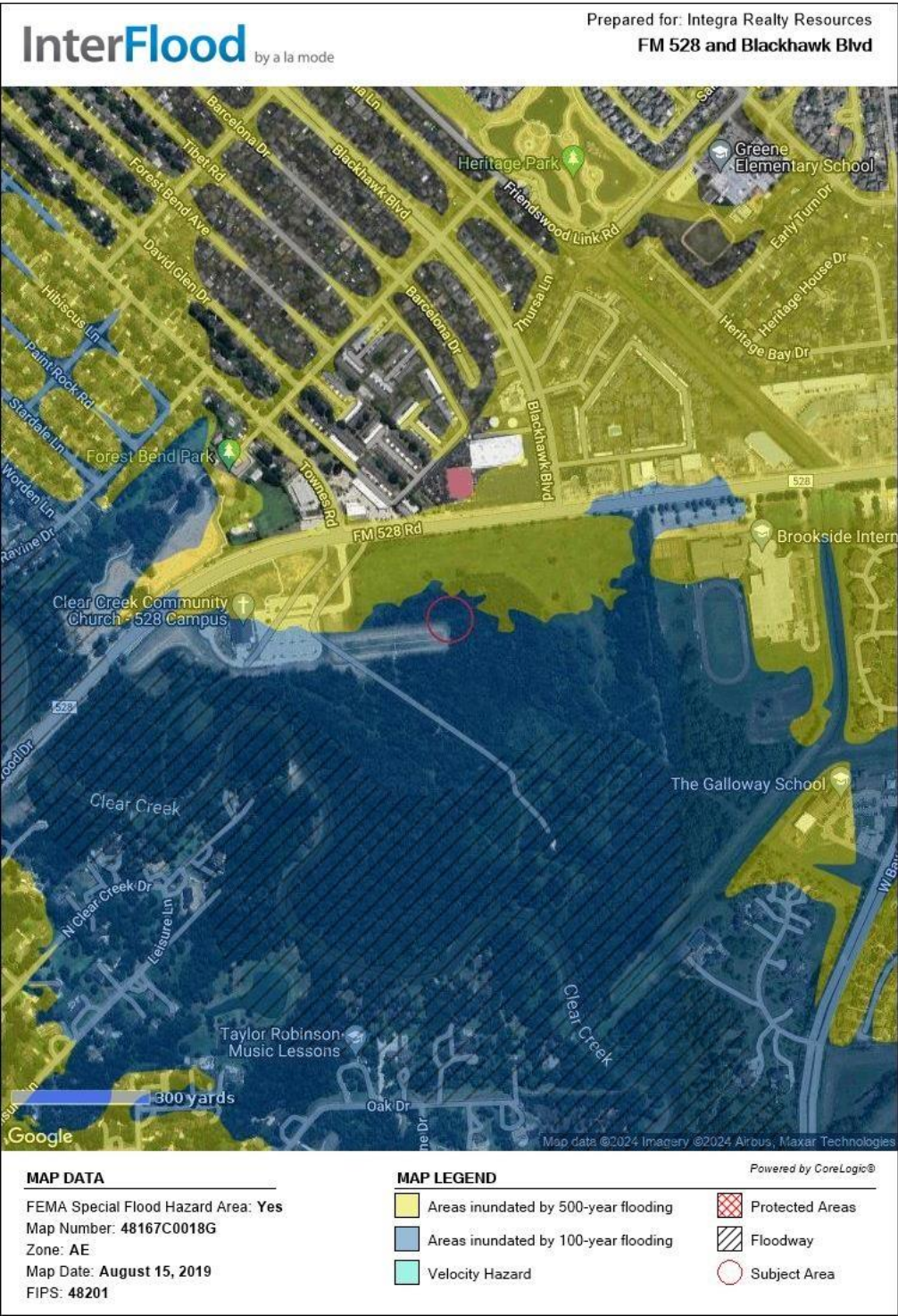


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Concept Plan

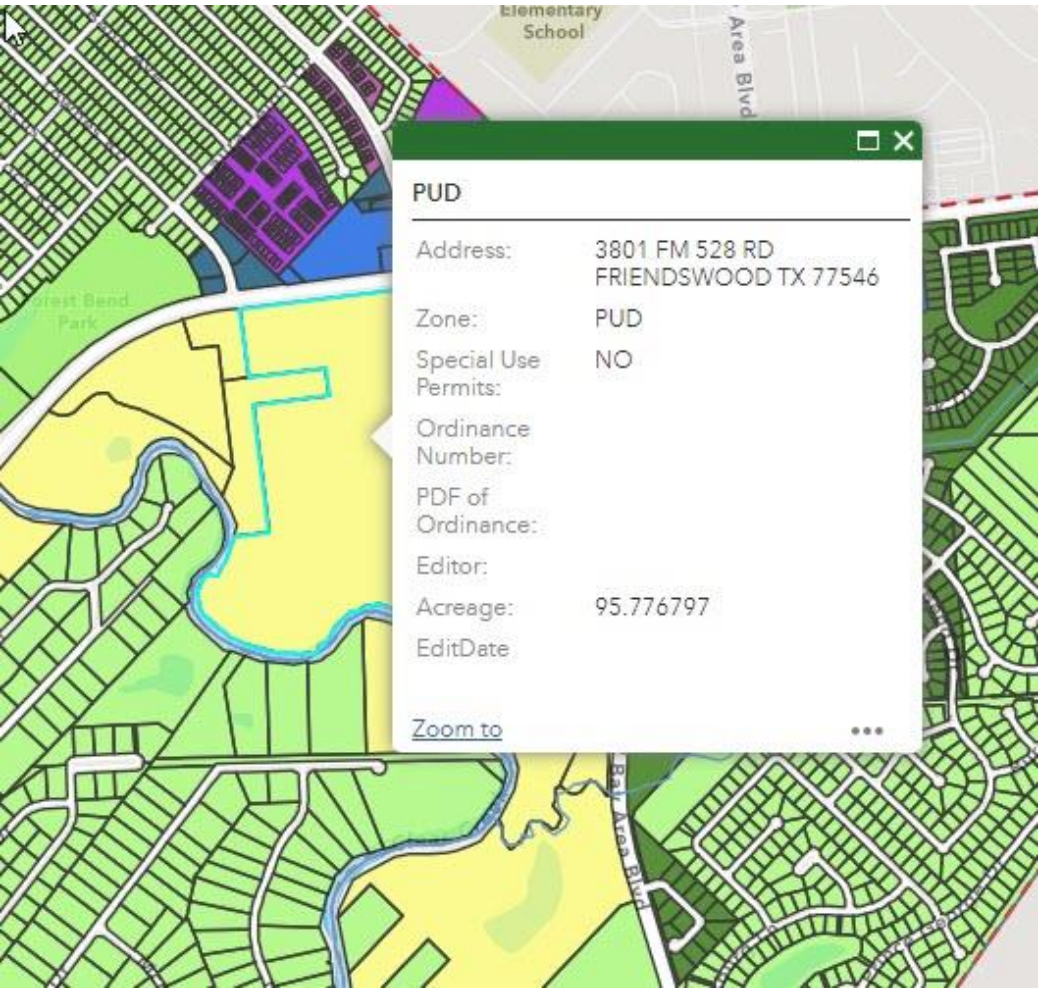


Flood Hazard Map(s)





Zoning Map



Allocation of Authorized Improvements

Based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City unless otherwise noted. The budget for the Authorized Improvements is shown on **Exhibit B-1**.

A. Initial Major Improvements

I. Roadway Improvements

▪ *FM 528 Traffic Improvements*

Signalization improvements at F.M. 528 and Townes Rd. include upgrading the existing flashing traffic signal to full operation to current Texas Department of Transportation specifications. Includes the addition of a southbound left turn lane on Townes Rd. to balance the new (widening) approach to F.M. 528 northbound from the new development.

Includes signalization improvements at F.M. 528 and Blackhawk Blvd. consisting of upgrades to the existing traffic signal to full operation to current Texas Department of Transportation specifications with a new south leg of the intersection, and addition of southbound left turn lane at West Bay Area Blvd. where it meets with the extension of Blackhawk Blvd. to balance the new widening approach to F.M. 528 for access management purposes. The signalization improvements will be owned and operated by the TxDOT and will provide benefit to each Lot within the District.

- *Phase 1 Blackhawk Boulevard Improvements*

Improvements include 4 lane arterial street construction to serve as an extension of the existing Blackhawk Boulevard from F.M. 528 to the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard and includes the construction of the roundabout. The extension will provide connection to Larrabee Way, as well as multiple local streets and is calculated to be approximately 3,512 square yards of roadway construction. Also includes the addition of a southbound left turn lane on Blackhawk Blvd. to balance the new (widening) approach to F.M. 528 for access management purposes. The Phase 1 Blackhawk Boulevard Improvements will provide benefit to each lot within the District.

- *Phase 1 Townes Road Improvements*

Includes the construction of 4,276 square yards of reinforced concrete street to include subgrade and a roundabout at the intersection of Townes Road and Larrabee Way, that serves as a continuation of the existing Townes Road located north of F.M. 528. The construction of the new section will begin at F.M. 528 and terminates at Larrabee Way at the southern end of the roundabout at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Phase 1 Madison Avenue Improvements*

Includes the construction of 1,543 square yards of a reinforced concrete street to include subgrade that will provide 2 travel lanes beginning at F.M. 528 and terminating at the 4-way stop at Larrabee Way. The street improvements will provide benefit to each Lot within the District.

- *Larrabee Way Improvements*

Includes the construction of 2 lanes, 12,275 square yards of a reinforced concrete street to include subgrade which will transverse perpendicular to Madison Avenue and includes a 4-way stop at the intersection of Madison Avenue and Larrabee Way. The street improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 1 Earthwork, Paving and Grading*

Improvements include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the Phase 1 Storm Drainage improvements, Detention Pond 1 and

Detention Pond 2, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site, as well as better access from F.M. 528 for pedestrian traffic. Only a portion of the cost of earthwork, paving and grading will be funded by the Initial Major Improvement Assessment. The remaining costs will be paid from the City Contribution.

III. Clearing, Grubbing and Demolition

▪ *District Clearing, Grubbing and Demolition*

Includes light and heavy clearing for the construction and installation of the Initial Major Improvements to include heavy clearing for the construction of Detention Pond 1, along with the removal and disposal of 3" public force main and 12" public water line. The improvements are necessary for the construction of the Initial Major Improvements and will provide benefit to each Lot within the District. A portion of the costs of Clearing, Grubbing and Demolition is being funded with the City Contribution and approximately 27.07% of the costs of such improvements (\$873,609) is apportioned to the District as part of the Initial Major Improvements.

IV. Detention Improvements

- *Detention Pond 1*

Improvements Include the excavation and construction of Detention Pond 1, a 4' retaining wall cast in place, an 8' retaining wall cast in place, installation of a backslope interceptor and swale, application of fertilizer seeds for stabilization, dewatering, sheet piling, riprap, collection screen structure and haul and disposal of utility spoils. The Detention Pond 1 Improvements will provide benefit to each Lot within the District.

- *Detention Pond 2*

Improvements include the excavation and construction of Detention Pond 2, installation of a backslope interceptor and swale, and application of hydro mulch for stabilization. The Detention Pond 2 Improvements will provide benefit to each Lot within the District. A portion of the costs of Detention Pond 2 are being funded by the City Contribution and approximately 68.79% of the costs of such improvements (\$11,020,226) is apportioned to the District as part of the Initial Major Improvements.

- *Phase 1 Storm Drainage*

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from F.M. 528 and terminating at the point of the proposed bridge connection at Friendswood Link Road. The improvements will provide a benefit to all Lots within the District.

V. Contingency

Estimated potential cost fluctuations for construction costs. The Contingency is calculated as 13% of the hard improvement costs for the Initial Major Improvements.

VI. Soft Costs

Costs related to designing, constructing, and installing the Initial Major Improvements including land planning and design, engineering, soil testing, consultant fees, project coordination, and survey. A portion of the soft costs are being funded by City Contribution and approximately 4.84% of the costs of such Initial Major Improvements (\$83,010) is apportioned to the Initial Major Improvements within the District.

B. Additional Major Improvements

I. Roadway Improvements

▪ *Phase 2 Blackhawk Boulevard Improvements*

Improvements include the continuation of the extension of the Phase 1 Blackhawk Boulevard Improvements, consisting of 17,711 square yards of reinforced concrete street and subgrade, from the southern point of the roundabout at Larrabee Way and Blackhawk Boulevard to West Bay Area Boulevard. Additionally, the improvements include the construction of a 4-lane bridge with 2 lanes for east and west bound on Blackhawk Boulevard. The Phase 2 Blackhawk Boulevard Improvements will provide benefit to each Lot within the District.

▪ *Phase 2 Townes Road Improvements*

Improvements include the construction of 4,723 square yards of reinforced concrete street and subgrade to serve as a continuation of the Phase 1 Townes Road Improvements from the roundabout at Larrabee Way and terminating at Bennett Boulevard. The Phase 2 Townes Road Improvements will provide benefit to each Lot within the District.

- *Phase 2 Madison Avenue Improvements*

Improvements include the continuation of construction of reinforced concrete street, 3,114 square yards, and subgrade from the 4-way stop at Larrabee Way to the roundabout at Bennett Boulevard. The Phase 2 Madison Avenue Improvements will provide benefit to each Lot within the District.

- *Bennett Boulevard Improvements*

Improvements include the construction of 2 travel lanes, 11,728 square yards, eastward and 2 travel lanes westward of reinforced concrete street and subgrade to include a roundabout that terminates to the south where the right-of-way ends the multi-family development begins. The Bennett Boulevard Improvements will provide benefit to each Lot within the District.

II. Earthwork, Paving and Grading

- *Phase 2 Earthwork, Paving and Grading*

Improvements to include erosion control measures, earthwork, subgrade stabilization, concrete pavement with curb, concrete sidewalk with ADA ramps, signage, lighting, and construction testing relating to the street and roadway improvements described above. Improvements also include the excavation related to the phase 2 storm drainage improvements, along with the hauling and removal of dirt. In addition, there will be sidewalk improvements for the benefit of walkability within the site as well as sidewalk improvements to improve foot traffic from Clear Creek Independent School District property to the Northwest to Blackhawk Blvd. and West Bay Area Boulevard. The street improvements will provide benefit to each Lot within the District. A portion of the Phase 2 Earthwork, Paving and Grading is being funded by the City Contribution and approximately 63.49% of the costs of such improvements (\$412,543) is apportioned to the District as part of the Additional Major Improvements.

III. Water Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, valves, fire hydrant assemblies, service connections, testing and all necessary appurtenances required to provide water service to all Lots within the District.

There will be a water line constructed along Blackhawk Blvd. connecting to the existing water infrastructure on F.M. 528 and West Bay Area Blvd. There will be a water line along Townes Rd. and Bennert Blvd. Larrabee Way will have a water line running across connecting the water lines on Townes Rd. and Blackhawk Blvd. The water improvements will provide benefit to each Lot within the District.

IV. Wastewater Improvements

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes, service connections, testing, and all necessary appurtenances constructed to the City of Friendswood standards required to provide wastewater service to all Lots within the District.

Construction will consist of wastewater lines on Larrabee Way and a portion of Blackhawk Blvd. Blackhawk Blvd. will transition from a wastewater line to a wastewater line tying into the manhole on West Bay Area Blvd. In addition to new proposed wastewater lines, there will be improvements to the existing force main running through the site, as well as relocation of an existing City-owned force main. The wastewater improvements will provide benefit to each Lot within the District.

- *Sanitary Sewer Lift Station*

Includes a proposed Sanitary Lift Station that includes a tie into the manhole on West Bay Area Blvd. An existing 8" sanitary sewer line and sanitary lift station that currently service Clear Creek Community Church will be abandoned, and, in its place, the existing wastewater line will be rerouted into the Friendswood City Center sanitary sewer system near the Blackhawk Blvd. and F.M. 528 connection. The Sanitary Sewer Lift Station will provide a benefit to each Lot within the District.

V. Phase 2 Storm Drainage

Improvements to include erosion control measures, earthwork, trench excavation and embedment, trench safety, pipe installation, manholes and junction boxes, curb inlets, headwalls, testing and all necessary appurtenances required to provide drainage services from the proposed bridge connection at Friendswood Link Road running south along Blackhawk Boulevard to West Bay Area Boulevard. The Phase 2 Storm Drainage improvements will provide a benefit to each Lot within the District.

VI. Landscaping, Parks and Public Amenities

Improvements include walking and bike trails that are constructed of decomposed granite pavement with concrete edges. The trail will include rest areas with park benches and lighting at key viewing locations. Additionally, the park will also have a few bird blinds, wayfinding graphics, bath, and parking facilities. The area will be landscaped with native vegetation and wetland grasses. As the walking and bike trails extend into the urban area, it will connect to a concrete and paver path that will include park benches and pedestrian lighting. The trail will provide a continuous and accessible route to all the buildings within the District. Landscape along the trail will be a blend of seasonal color plants and regional vegetation that complies with the City landscaping requirements. The Landscaping, Parks and Public Amenities will provide a benefit to each Lot within the District.

VII. Fire Station

Improvements include the construction of a fire station for use by the City of Friendswood for the benefit of the public that will be constructed along phase 2 of the Blackhawk Blvd. expansion. 87.96% of the Fire Station is being funded by other lawfully available revenues of the City. 12.04% is apportioned to the District, as part of the Additional Major Improvements, pro rata based on estimated assessed value, as detailed on **Exhibit B-2**.

EXHIBIT B-1 – PROJECT COSTS

		Non-District Costs ^(b)		District	
		%	\$	%	\$
<i>Initial Major Improvements</i>					
FM 528 Traffic Improvements	\$1,200,000	0.00%	\$ -	100.00%	\$1,200,000
Phase 1 Blackhawk Boulevard Improvements	240,923	0.00%	-	100.00%	240,923
Phase 1 Townes Road Improvements	271,984	0.00%	-	100.00%	271,984
Phase 1 Madison Avenue Improvements	98,159	0.00%	-	100.00%	98,159
Larrabee Way Improvements	817,556	0.00%	-	100.00%	817,556
Phase 1 Earthwork, Paving and Grading	649,796	36.51%	237,253	63.49%	412,543
Clearing, Grubbing and Demolition	3,226,758	72.93%	2,353,150	27.07%	873,609
Detention Pond 1	14,761,896	5.27%	778,095	94.73%	13,983,801
Detention Pond 2	2,018,477	0.00%	-	100.00%	2,018,477
Phase 1 Storm Drainage	5,144,261	0.00%	-	100.00%	5,144,261
Contingency ^(c)	3,695,875	0.00%	-	100.00%	3,695,875
Soft Costs ^(d)	1,714,512	95.16%	1,631,502	4.84%	83,010
	\$ 33,840,197		\$ 5,000,000		\$ 28,840,198
<i>Additional Major Improvements</i>					
Phase 2 Blackhawk Blvd. Improvements	\$3,703,530	0.00%	\$ -	100.00%	\$3,703,530
Phase 2 Townes Rd. Improvements	323,993	0.00%	-	100.00%	323,993
Phase 2 Madison Ave. Improvements	213,654	0.00%	-	100.00%	213,654
Bennett Blvd. Improvements	804,530	0.00%	-	100.00%	804,530
Phase 2 Earthwork, Paving & Grading	1,417,727	0.00%	-	100.00%	1,417,727
Water	1,007,036	0.00%	-	100.00%	1,007,036
Wastewater	862,879	0.00%	-	100.00%	862,879
Sanitary Sewer Lift Station	1,330,700	0.00%	-	100.00%	1,330,700
Phase 2 Storm Drainage	179,101	0.00%	-	100.00%	179,101
Landscaping, Parks and Amenities	5,597,472	0.00%	-	100.00%	5,597,472

Allocation of Authorized Improvements

90

Fire Station ^[d]	8,300,000	87.56%	7,267,480	12.44%	1,032,520
Contingency ^[f]	2,141,508	0.00%	-	100.00%	2,141,508
Soft Costs ^[g]	2,981,848	0.00%	-	100.00%	2,981,848
	<u>\$ 28,863,978</u>		<u>\$ 7,267,480</u>		<u>\$ 21,596,498</u>
<i>Initial Major Improvement Bond Issuance Costs</i>					
Delinquency and Prepayment Reserve Fund	\$ 937,500	\$ -	\$ 937,500		
Debt Service Reserve Fund	3,201,440	-	3,201,440		
Capitalized Interest	4,717,708	-	4,717,708		
Underwriter Discount	1,125,000	-	1,125,000		
Cost of Issuance	1,875,000	-	1,875,000		
	<u>\$ 11,856,648</u>	<u>\$ -</u>	<u>\$ 11,856,648</u>		
<i>Additional Major Improvement Bond Issuance Costs ^[h]</i>					
Delinquency and Prepayment Reserve Fund	\$ 445,550	\$ -	\$ 445,550		
Debt Service Reserve Fund	1,513,540	-	1,513,540		
Underwriter Discount	535,162	-	535,162		
Cost of Issuance	891,100	-	891,100		
	<u>\$ 3,385,352</u>	<u>\$ -</u>	<u>\$ 3,385,352</u>		
<i>District Formation Expenses</i>					
District Formation Expenses	\$ 100,000	\$ -	\$ 100,000		
	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>		
<i>Other Costs</i>					
Deposit to Administrative Fund	\$ 80,000	\$ -	\$ 80,000		
	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>		
Total	\$ 78,126,175	\$ 12,267,480	\$ 65,858,695		

Footnotes:

[a] Costs were determined by the Engineer's Report attached hereto as **Appendix A**.

[b] Funding for the Non-District Costs are being provided by other lawfully available revenue of the City and will not be reimbursed by the PID Bonds, Initial Major Improvement Assessments or Additional Major Improvement Assessments.

[c] Calculated at 13% of hard construction costs for the Initial Major Improvements as approved by the City.

[d] Includes professional services fees related to drainage and flood mitigation, Land Planning, Design, Engineering, Geotechnical Engineering, and Surveying for the Initial Major Improvements.

[e] Apportionment of Costs for the Fire Station is based on the estimated Assessed Valuation for the District as a percentage of the City's 2023 Assessed Valuation.

[f] Calculated at 13% of hard construction costs for the Additional Major Improvements as approved by the City.

[g] Includes professional services fees related to Engineering, Geotechnical Engineering, Surveying, Land Planning and Design of the Additional Major Improvements.

[h] Preliminary estimates. Actual costs will be determined at the time of bond issuance for the Additional Major Improvements.

EXHIBIT B-2 – FIRE STATION – APPORTIONMENT OF COSTS

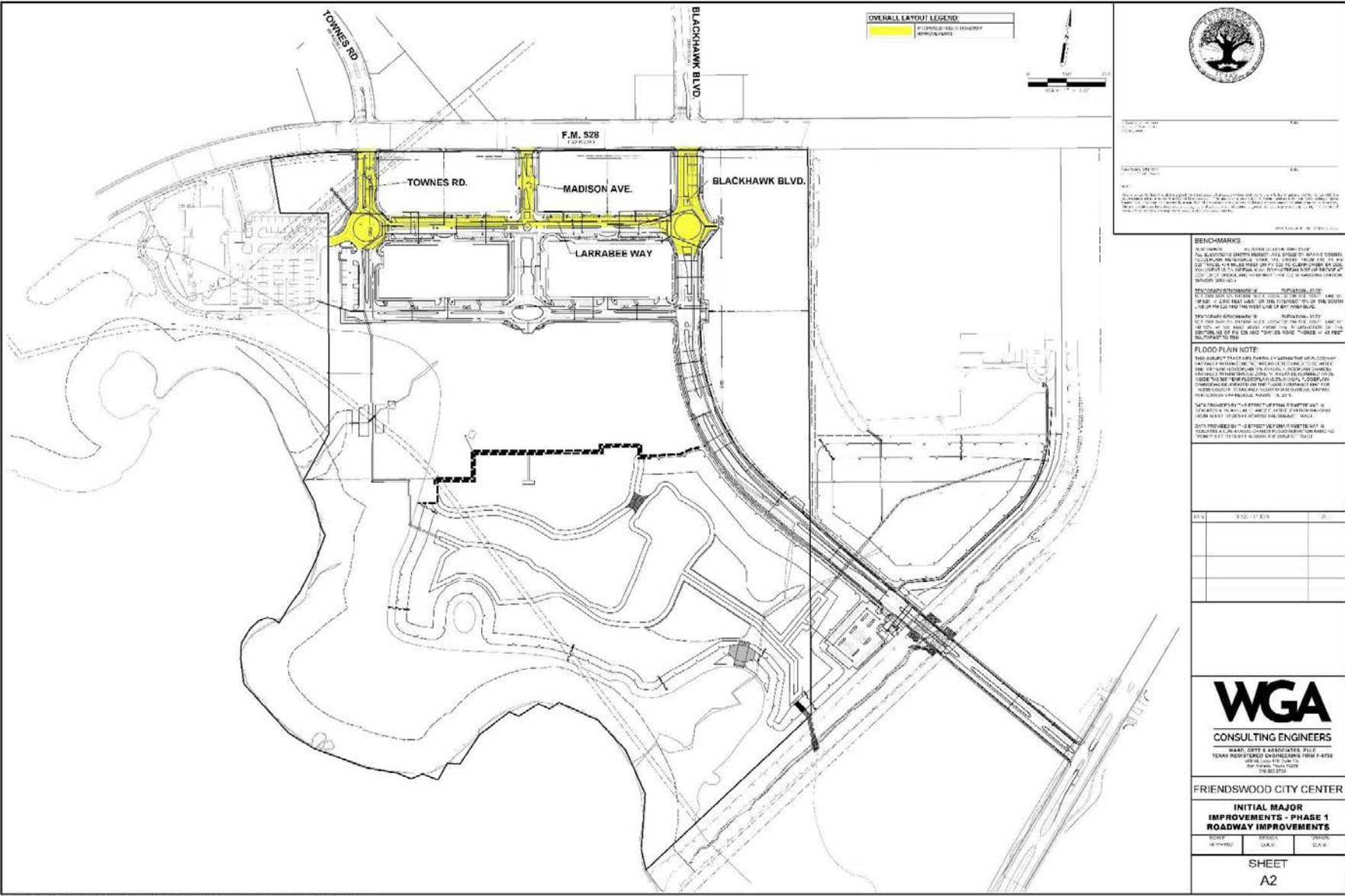
Entity	Estimated Assessed Valuation ¹	Fire Station Improvements ²		Total Apportionment to District ¹
		%	Costs	
City	5,401,437,619	87.56%	\$ 7,267,480	
District	767,145,099	12.44%	\$ 1,032,520	\$ 1,032,520
Total	\$ 6,168,582,718	100.00%	\$ 8,300,000	

Footnotes:

- 1) The District estimated Taxable Valuation is estimated by the Developer and the City's 2024 estimated Taxable Valuation is per the City on September 17, 2024.
- 2) The Fire Station Improvements are apportioned based on the estimated Taxable Valuation for the District as a percentage of the of City's 2024 estimated Taxable Valuation.
- 3)



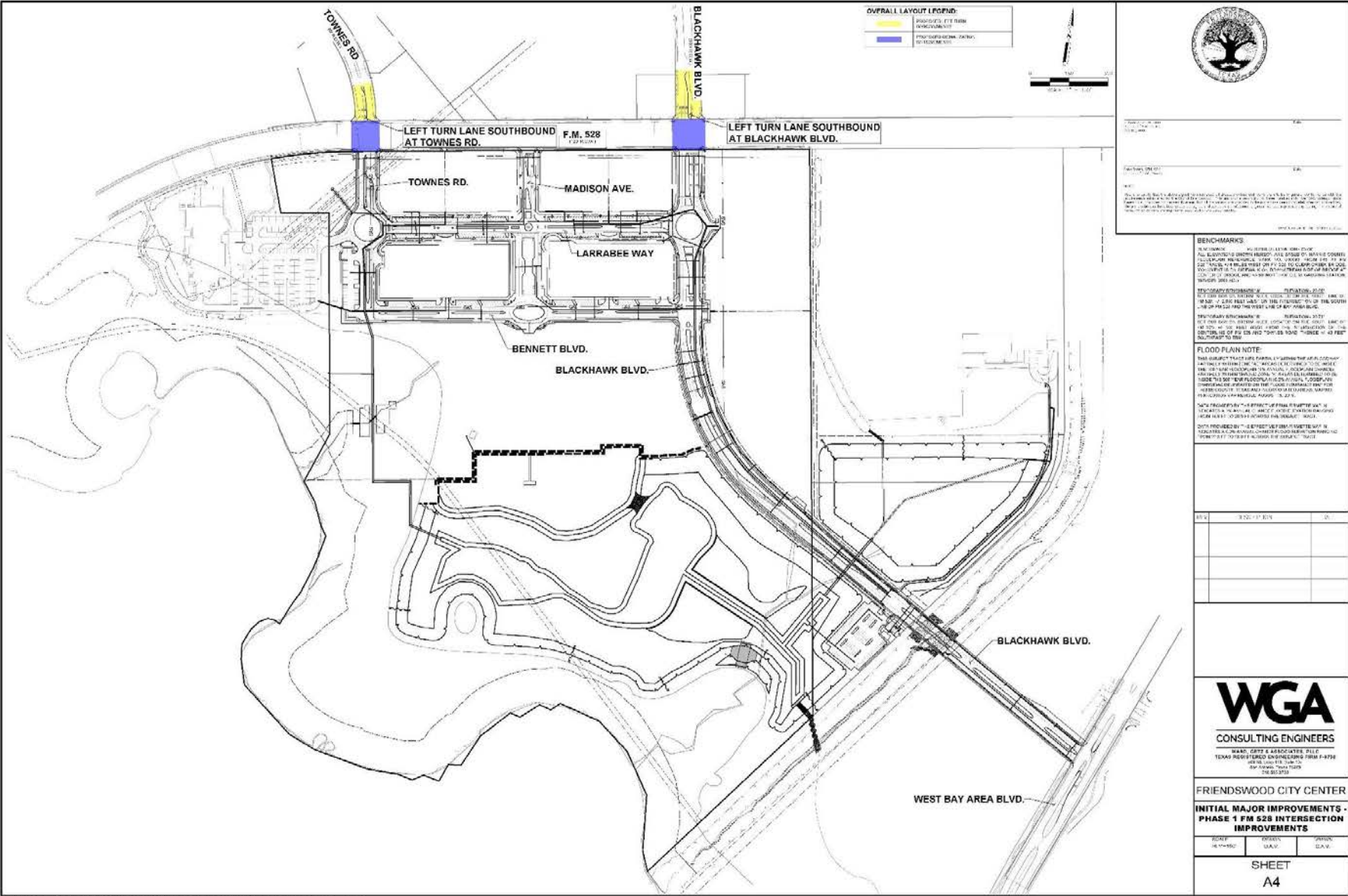




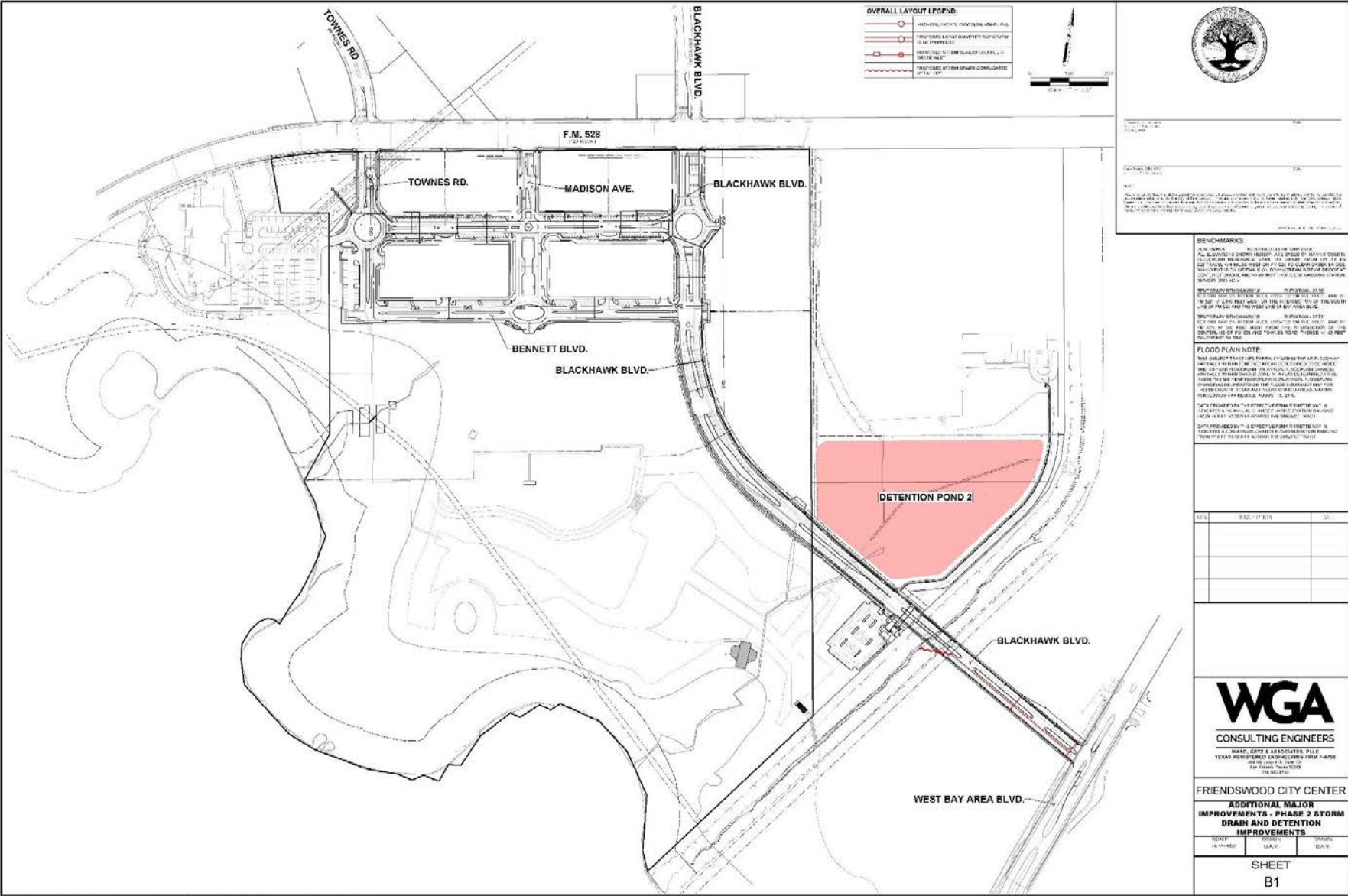
Friendswood City Center Public Improvement District





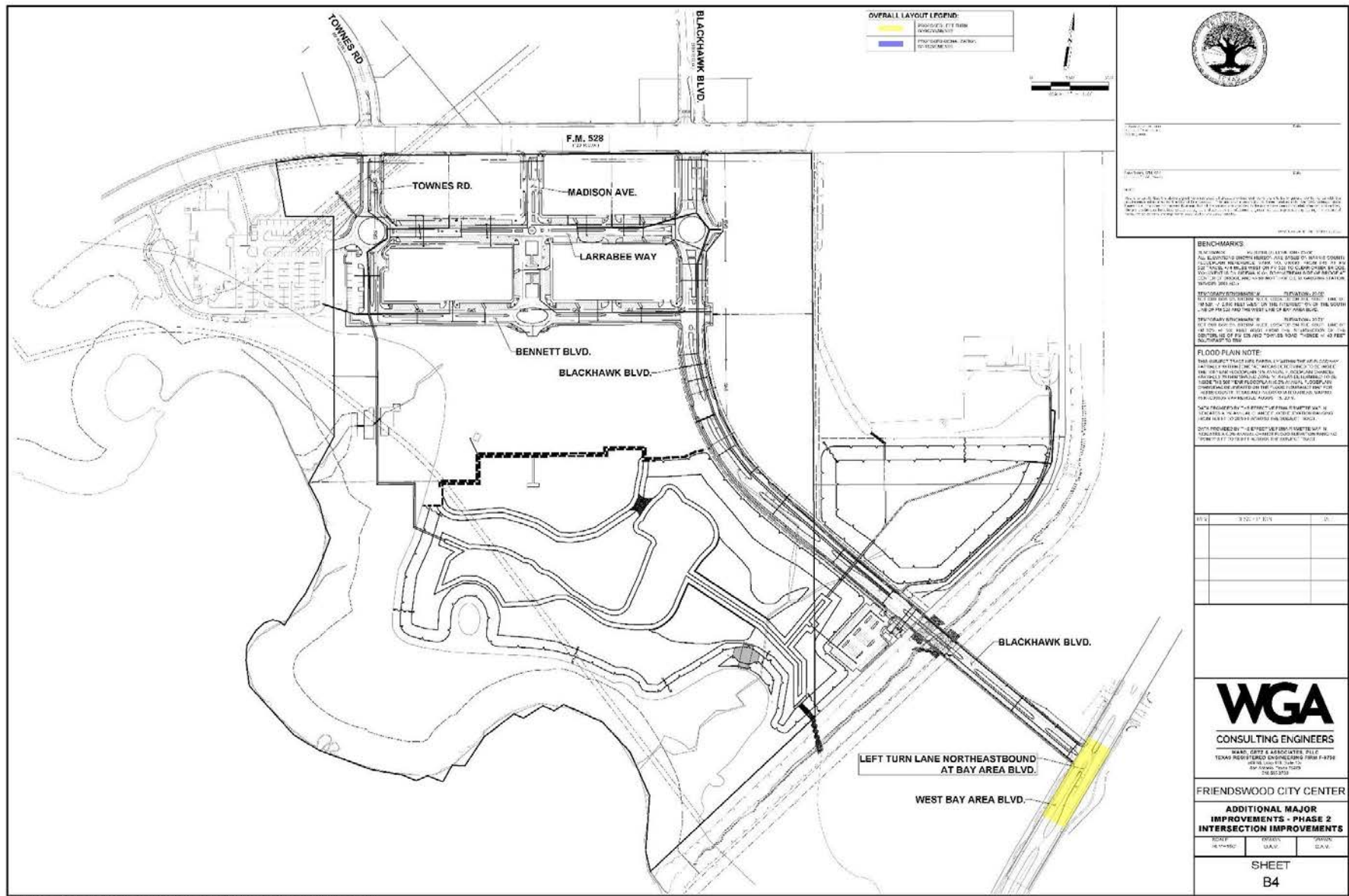


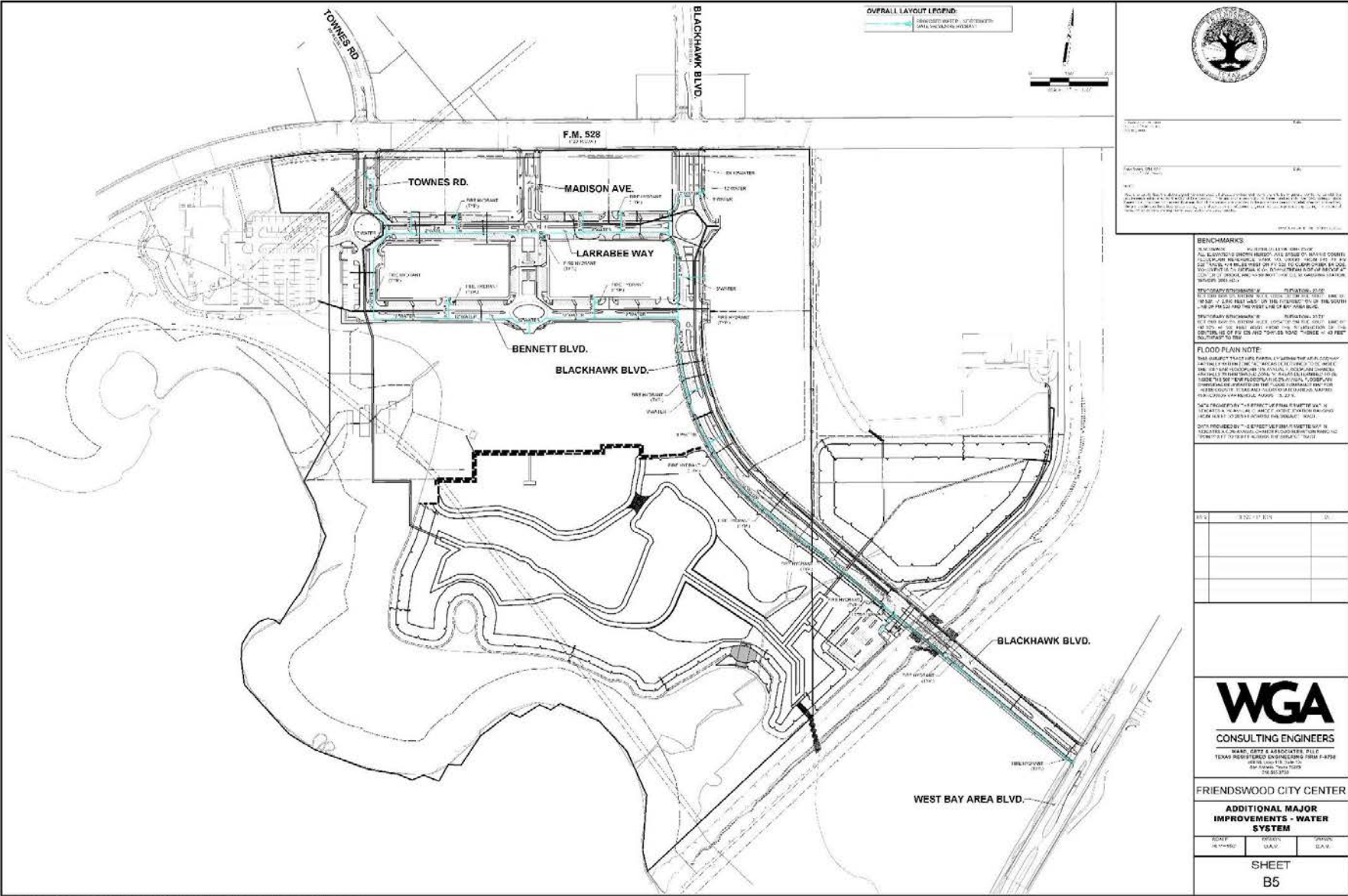


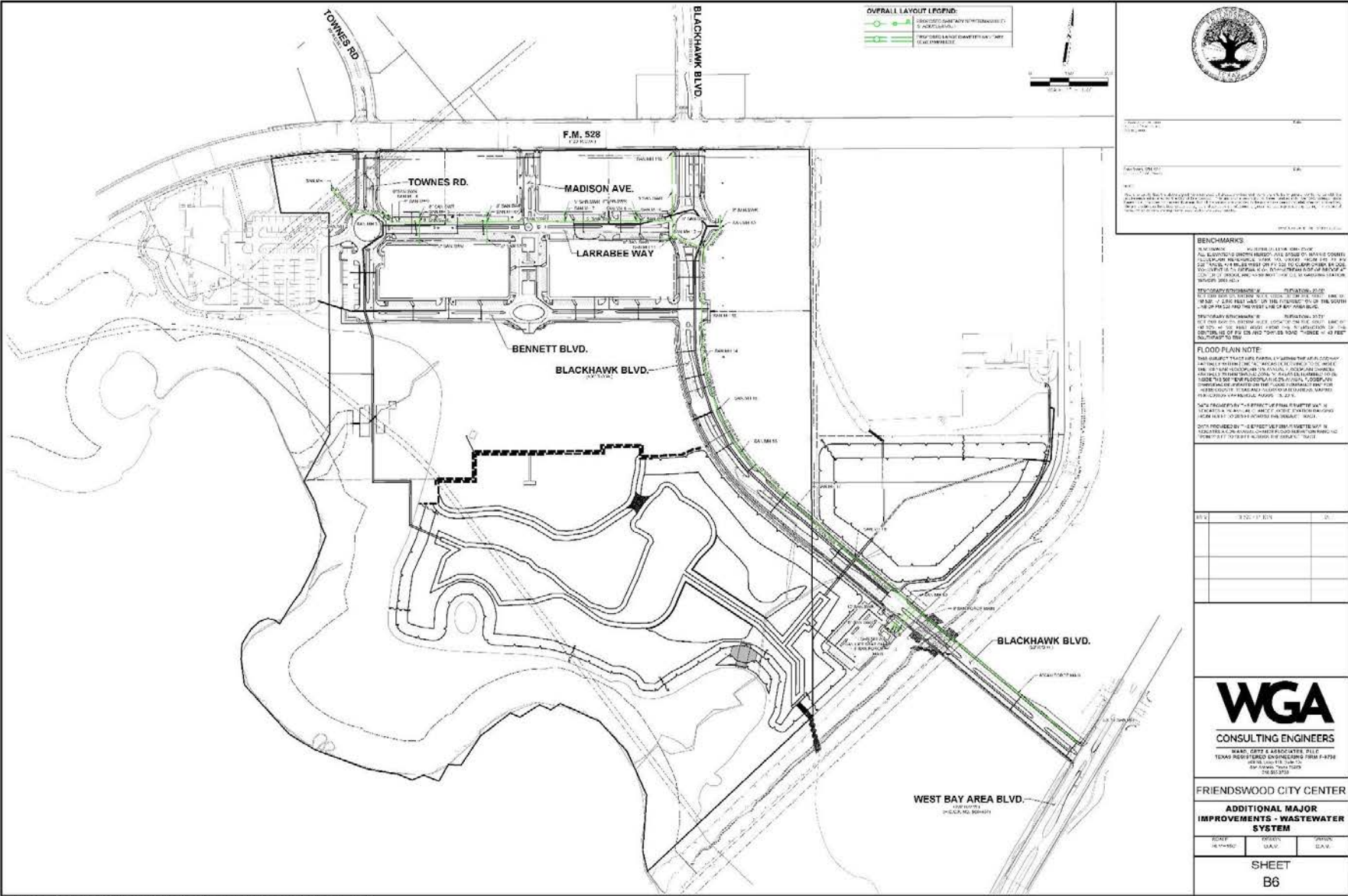






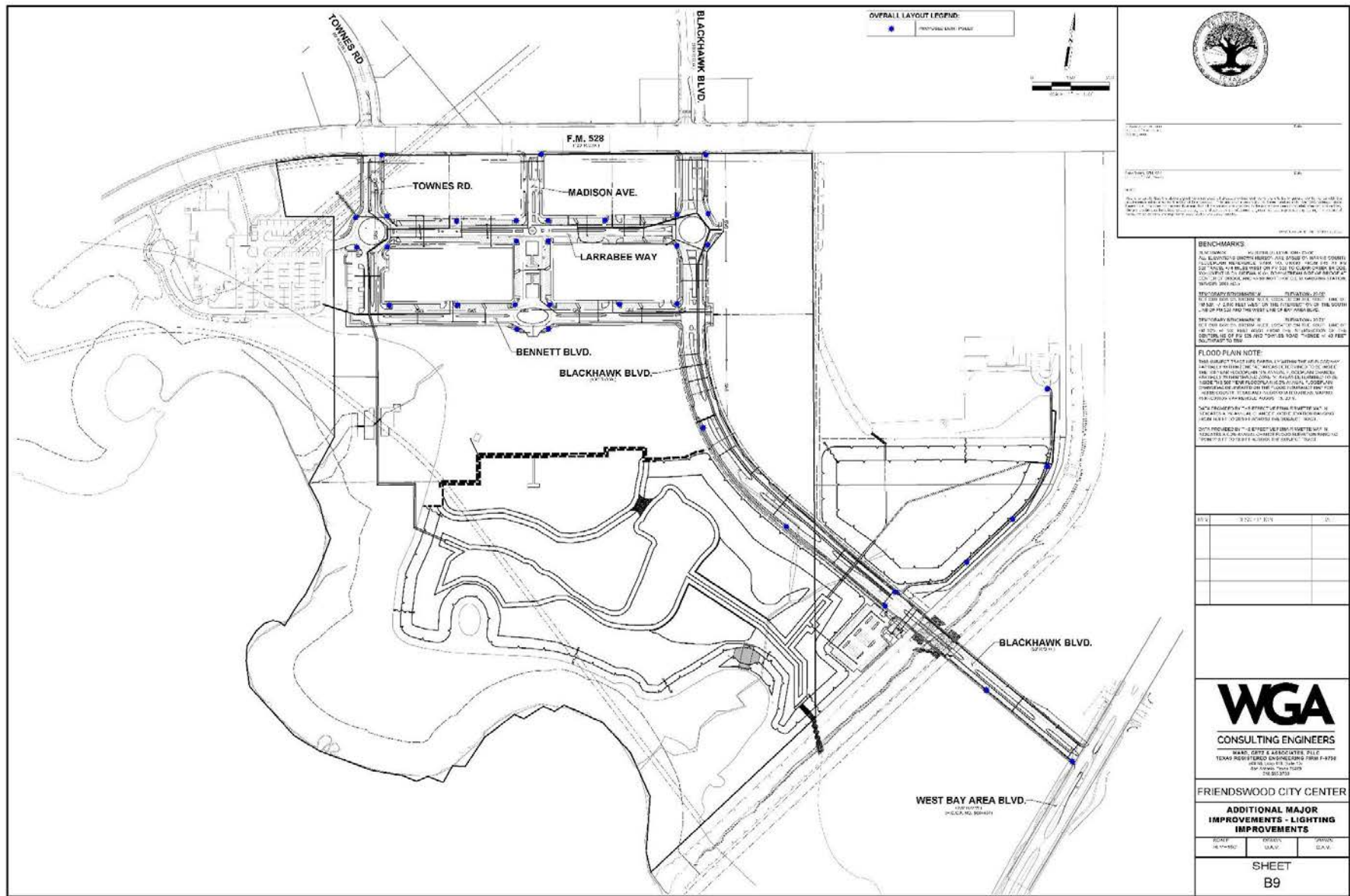












Improvements Description and Analysis

Overview

The subject's Lots 1-5 are proposed to be developed with 76,408 square feet of retail shopping center improvements. Each lot will be developed with a single-story, multitenant retail building with an expected completion date of May 31, 2025. Lots 1-4 will feature traditional retail storefronts with an expected tenant mix including limited and full-service restaurants and in-line general retail among others. Lot 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Lot 5 is assumed to be similar retail uses as Lots 1-4. Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date.

Improvements Description						
Name of Property	Friendswood PID - Retail Lots 1-5	Proposed Retail Lot 1	Proposed Retail Lot 2	Proposed Retail Lot 3	Proposed Retail Lot 4	Proposed Retail Lot 5
General Property Type	Retail	Retail	Retail	Retail	Retail	Retail
Property Sub Type	Shopping Center	Shopping Center	Shopping Center	Shopping Center	Shopping Center	Shopping Center
Competitive Property Class	A	A	A	A	A	A
Occupancy Type	Multi-Tenant	Multi-Tenant	Multi-Tenant	Multi-Tenant	Multi-Tenant	Multi-Tenant
Percent Leased	0%	0%	0%	0%	0%	0%
Number of Buildings	5	1	1	1	1	1
Stories	1	1	1	1	1	1
Construction Class	C	C	C	C	C	C
Construction Type	Masonry	Masonry	Masonry	Masonry	Masonry	Masonry
Construction Quality	Good	Good	Good	Good	Good	Good
Condition	New	New	New	New	New	New
Gross Building Area (SF)	76,408	15,374	14,880	16,608	14,862	14,684
Gross Leasable Area (SF)	76,408	15,374	14,880	16,608	14,862	14,684
Land Area (SF)	341,423	72,266	64,207	72,048	69,565	63,336
Floor Area Ratio (GLA/Land SF)	0.22	0.21	0.23	0.23	0.21	0.23
Floor Area Ratio (GBA/Land SF)	0.22	0.21	0.23	0.23	0.21	0.23
Building Area Source	Site Plan	Site Plan	Site Plan	Site Plan	Site Plan	Site Plan
Year Built	2025	2025	2025	2025	2025	2025
Actual Age (Yrs.)	0	0	0	0	0	0
Estimated Effective Age (Yrs.)	0	0	0	0	0	0
Estimated Economic Life (Yrs.)	50	50	50	50	50	50
Remaining Economic Life (Yrs.)	50	50	50	50	50	50
Number of Parking Spaces	321	27	84	85	82	43
Source of Parking Count	Site Plan	Site Plan	Site Plan	Site Plan	Site Plan	Site Plan
Parking Type	Surface	Surface	Surface	Surface	Surface	Surface
Parking Spaces/1,000 SF GLA	4.20	1.76	5.65	5.12	5.52	2.93

It is noted that the building sizes used for valuation differ slightly from the concept plan found herein. However, the size differential is minimal and is not considered to materially affect our value opinions.

Construction Details

Foundation	Concrete slab
Structural Frame	Steel framed
Exterior Walls	Stone, brick, and concrete precast panels
Windows	Retail storefronts in metal frame
Roof	Built-up TPO or similar
Interior Finishes	Varies per tenant specifications
HVAC	Roof Central Mounted
Electrical	Assumed to be designed in accordance with local building codes
Plumbing	Assumed to be designed in accordance with local building codes
Restrooms	Assumed to be designed in accordance with local building codes
Sprinklers	Assumed to be fully sprinklered per code
Site Improvements	
Landscaping	Trees, shrubs, and grasses
Paving	Concrete and asphalt drives, curbs, and sidewalks

Occupancy Status

Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date. The following table provides a summary of individual lots and proposed building sizes for Buildings 1-5.

Locations and Occupancy

Location	Gross Building Area	Gross Leasable Area	Leased SF	% Leased
Retail Lot 1	15,374	15,374	0	0.0%
Retail Lot 2	14,880	14,880	0	0.0%
Retail Lot 3	16,608	16,608	0	0.0%
Retail Lot 4	14,862	14,862	0	0.0%
Retail Lot 5	14,684	14,684	0	0.0%
TOTAL	76,408	76,408	0	0.0%

Improvements Analysis – As Complete

The subject property is proposed to be developed with five (5) multitenant retail shopping center buildings totaling 76,408 rentable square feet. Each of the buildings will feature traditional retail storefronts facing FM 528 with above-average exposure at the entrance of the overall development. Retail Buildings 1-4 will have an expected tenant mix of limited and full-service restaurants, in-line general retail, and medical office users, among others. Retail Building 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Retail Building 5 is assumed to be similar retail uses as Retail Buildings 1-4.

Quality and Condition

The proposed improvements are expected to be of good quality construction and workmanship. The quality of the proposed improvements and market appeal are considered to be consistent with competing properties.

Functional Utility

The improvements appear to be adequately suited to their proposed use and it is assumed that the improvements are built with no functional obsolescence.

Deferred Maintenance

The subject represents proposed construction. Thus, no deferred maintenance exists.

ADA Compliance

Based on the information provided, there are no apparent ADA issues. However, ADA matters are beyond the scope of expertise of the assignment participants, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review, and environmental issues are beyond the scope of expertise of the assignment participants. No hazardous substances were observed during the inspection of the improvements; however, detection of such substances is outside the scope of expertise of the assignment participants. Qualified professionals should be consulted. Unless otherwise stated, it is assumed no hazardous conditions exist on or near the subject.

Personal Property

The appraisal assignment is specifically focused on the value of the real property only. Items of personal property are excluded from consideration.

Conclusion of Improvements Analysis

In comparison to competitive properties in the market, the subject improvements are rated as follows:

Improvements Ratings	
Visibility/Exposure	Above Average
Design and Appearance	Above Average
Age/Condition	Above Average
Adaptability of Space to other Retail Users	Average
% Sprinklered	Average
Interior Amenities	Average
Layout - Store to Store Proximity	Average
Parking Ratios	Average
Anchor Tenants	Average
Distance of Parking to Store Access	Average
Landscaping	Average

Rendering/Site Plan – Lot 1



Rendering/Site Plan – Lot 2



Rendering/Site Plan – Lot 3



Rendering/Site Plan – Lot 4



Rendering/Site Plan – Lot 5



Real Estate Taxes

Real estate tax assessments are administered by the Harris Central Appraisal District and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The tax rates are certified in October. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2024 Preliminary						
Tax ID	Assessed Value			Taxes and Assessments		
	Land	Improvements	Total	2023 Tax Rate	Ad Valorem Taxes	Total
0432150000130	\$629,669	\$62,683	\$692,352	2.010418%	\$13,919	\$0
1413970000001	\$437,341	\$0	\$437,341	2.010418%	\$8,792	\$0
1413970000003	\$651,178	\$0	\$651,178	2.010418%	\$13,091	\$0
	\$1,718,188	\$62,683	\$1,780,871		\$35,803	\$0

The subject is currently assessed as part of three tax accounts that total of 106.518 acres. However, the current assessed value as vacant land is irrelevant.

Texas is a non-disclosure State with a mandate to assess property at 100% of market value. Some Texas County Assessors are more successful at achieving the mandate than others. In Texas Counties with little or no transaction activity, values can lag the market. However, there is no limit on increases in the event of a re-assessment.

Property owners in Texas may protest ad valorem assessments using the one of two tests, 1) Market Value or 2) "Equal Appraisal". Market Value is self-explanatory. "Equal Appraisal" means there is a burden on the District's Assessor to ensure mass appraisal methods produce consistent results from property to property. To measure equality, the Appraisal Review Board will consider the assessed values of competing properties in the District. The process involves generation of "ratio study" in which, after appropriate adjustments, the "median value" is the conclusion of "Equal Appraisal".

Projected Tax Liability (Retail Buildings 1-5)

In order to estimate a likely assessed value upon completion of the proposed retail improvements (Lots 1-5), several competitive properties are analyzed and summarized as follows:

Tax Comparables								
No.	Property Name	Year Built	SF	Real Estate	Total Assessed Value	Assessed Value/SF	Total Taxes	Taxes/SF
1	1603 W. Parkwood Avenue	2019	10,080	\$2,450,100	\$2,450,100	\$243.07	\$50,013	\$4.96
2	501 S. Friendswood Drive	2022	14,000	\$3,483,000	\$3,483,000	\$248.79	\$42,040	\$3.00
3	1720 S. Friendswood Drive	2021	9,234	\$3,418,200	\$3,418,200	\$370.18	\$69,774	\$7.56
4	1740 E. Nasa Parkway	2012	25,830	\$7,438,928	\$7,438,928	\$288.00	\$164,178	\$6.36
5	19677 W. Bay Area Blvd	2023	28,025	\$7,578,771	\$7,578,771	\$270.43	\$139,724	\$4.99
6	3525 S. Main Street	2021	27,648	\$6,194,170	\$6,194,170	\$224.04	\$152,465	\$5.51
Subject	Retail Lot 1	2025	15,374	\$4,227,850	\$4,227,850	\$275.00	\$84,997	\$5.53
	Retail Lot 2	2025	14,880	\$4,092,000	\$4,092,000	\$275.00	\$82,266	\$5.53
	Retail Lot 3	2025	16,608	\$4,567,200	\$4,567,200	\$275.00	\$91,820	\$5.53
	Retail Lot 4	2025	14,862	\$4,087,050	\$4,087,050	\$275.00	\$82,167	\$5.53
	Retail Lot 5	2025	14,684	\$4,038,100	\$4,038,100	\$275.00	\$81,183	\$5.53

Tax assessments for comparable properties range from \$224.04 to \$370.18 per square foot. To derive an appropriate estimate of the ad valorem tax expense for the subject, as if complete and at stabilized occupancy, we analyze several competitive retail shopping center properties. Given that real estate taxes are based on "fair and equitable", it is not likely that the proposed improvements would be assessed significantly higher than the tax comparables. Based on the preceding, we estimate an assessed value of \$275.00 per square foot for each retail improvement. We have utilized current tax rates to estimate real estate taxes as shown in the previous table.

Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the 12 lots do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The 12 lots are zoned PUD (Planned Unit Development), Mixed-use. Permitted uses include office, retail and multi-family. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only mixed-use is given further consideration in determining highest and best use of the site.

Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for mixed-use in the subject's area. It appears a newly developed mixed-use on the 12 lots would have a value commensurate with its cost. Therefore, mixed-use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the 12 lots that would generate a higher residual land value than mixed-use. Accordingly, mixed-use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for mixed-use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property.

Most Probable Buyer

Taking into account the characteristics of the site, as well as area development trends, the probable buyer is a developer.

As Improved as Proposed

The subject's Lots 1-5 are proposed to be developed with five (5) individual multitenant shopping center properties, which is consistent with the highest and best use of the site as though vacant. The proposed improvements are 0% preleased as of the effective appraisal date. However, there is considerable interest from area and regional retailers.

The subject's Lots 1-5 range in size from 1.45 to 1.66 acres. There is no excess or surplus land available for expansion. The property's building to land ratio of 0.21 – 0.23 falls within the typical range observed among competing properties.

The proposed use of the subject property for multitenant retail shopping center appears to meet the four criteria for highest and best use. Based on the analysis above, continuation of the proposed use is concluded to be financially feasible.

There does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the proposed use. For these reasons, continued retail use is concluded to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

Taking into account the size and characteristics of the property and its proposed multitenant occupancy, the likely buyer is a regional investor such as a partnership.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Not Applicable	Not Utilized

Land Valuation

To develop an opinion of the subject's lot values, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

As discussed previously, the property is divided for valuation purposes relative to 12 lots. The Sales Comparison Approach will be utilized to determine lot values for the individual lots which are summarized as follows:

Land Parcels				
Name	SF	Usable SF	Acres	Unit of Comparison
Lot 1	72,266	72,266	1.659	Usable SF
Lot 2	64,207	64,207	1.474	Usable SF
Lot 3	72,048	72,048	1.654	Usable SF
Lot 4	69,565	69,565	1.597	Usable SF
Lot 5	63,336	63,336	1.454	Usable SF
Lot 6	119,790	119,790	2.750	Usable SF
Lot 7	118,309	118,309	2.716	Usable SF
Lot 8	115,870	115,870	2.660	Usable SF
Lot 9	133,816	133,816	3.072	Usable SF
Lot 10	160,606	160,606	3.687	Usable SF
Lot 11	78,669	78,669	1.806	Usable SF
Lot 12	762,953	762,953	17.515	Usable SF

Lot 1 (1.659 Acres; 72,266 SF)

To apply the sales comparison approach to Lot 1, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

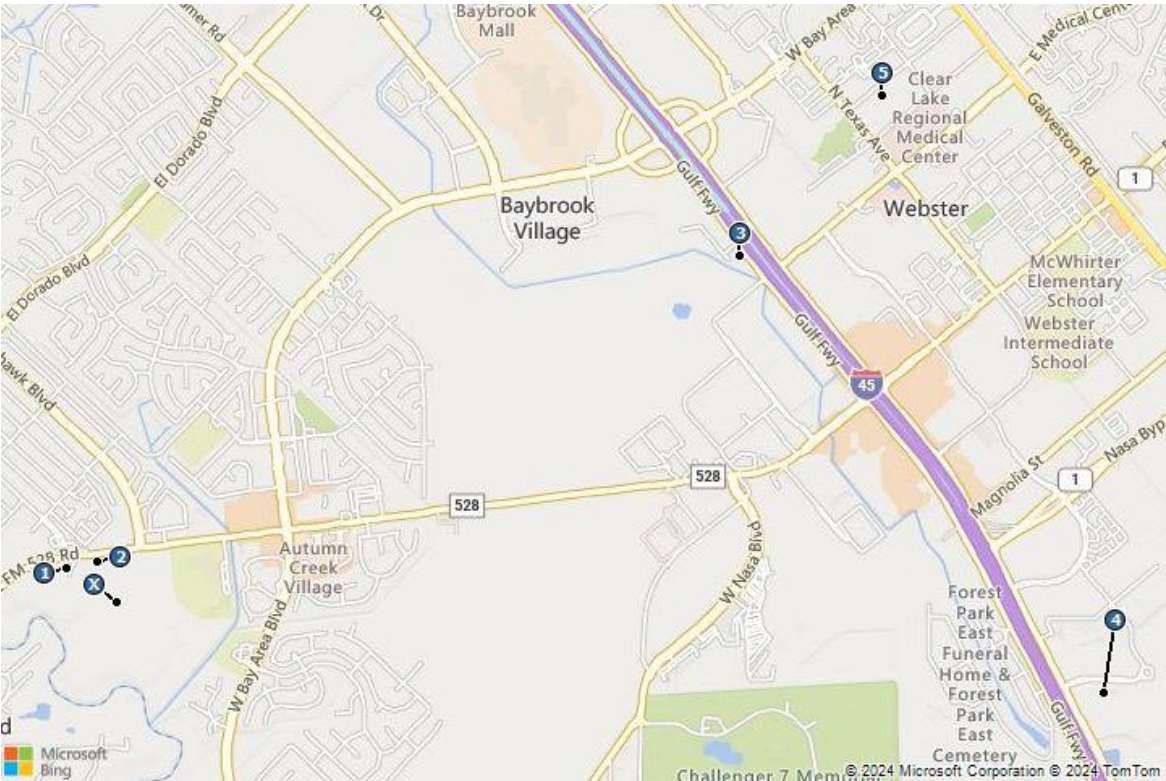
For this analysis, price per usable square foot is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:



Summary of Comparable Land Sales - Lot 1

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
2	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
Subject Friendswood Public Improvement District Friendswood, TX				72,266 1.66	72,266 1.66	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 1





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.



Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts, and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to March 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2 and 4 are similar to the subject and require no adjustment. Sale 3 is superior to the subject. A downward adjustment is applied. Sale 5 is inferior to the subject. An upward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 1

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southeast corner of FM 528 and Townes Road	Southwest corner of FM 528 and Madison Avenue	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Mar-24	Mar-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,155,734	\$1,440,965	\$2,690,732	\$2,613,600	\$784,080
Acres	1.659	1.474	1.654	3.234	2.961	1.000
Usable Acres	1.659	1.474	1.654	2.696	2.961	1.000
Price per Usable Square Foot		\$18.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	7/5/2024	Mar-24	Mar-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$18.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		—	—	-10%	—	10%
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	-\$2.29	\$0.00	\$1.80
Net Property Adjustments (%)		0%	0%	-10%	0%	10%
Final Adjusted Price		\$18.00	\$20.00	\$20.62	\$20.26	\$19.80
Range of Adjusted Prices		\$18.00 - \$20.62				
Average		\$19.74				
Indicated Value		\$20.00				

Land Value Conclusion – Lot 1

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$20.62 per usable square foot, with an average of \$19.74 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion for the subject is presented as follows:

Land Value Conclusion

Lot 1

Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	72,266
Indicated Value	\$1,445,321
Rounded	\$1,450,000

Lot 2 (1.474 Acres; 64,207 SF)

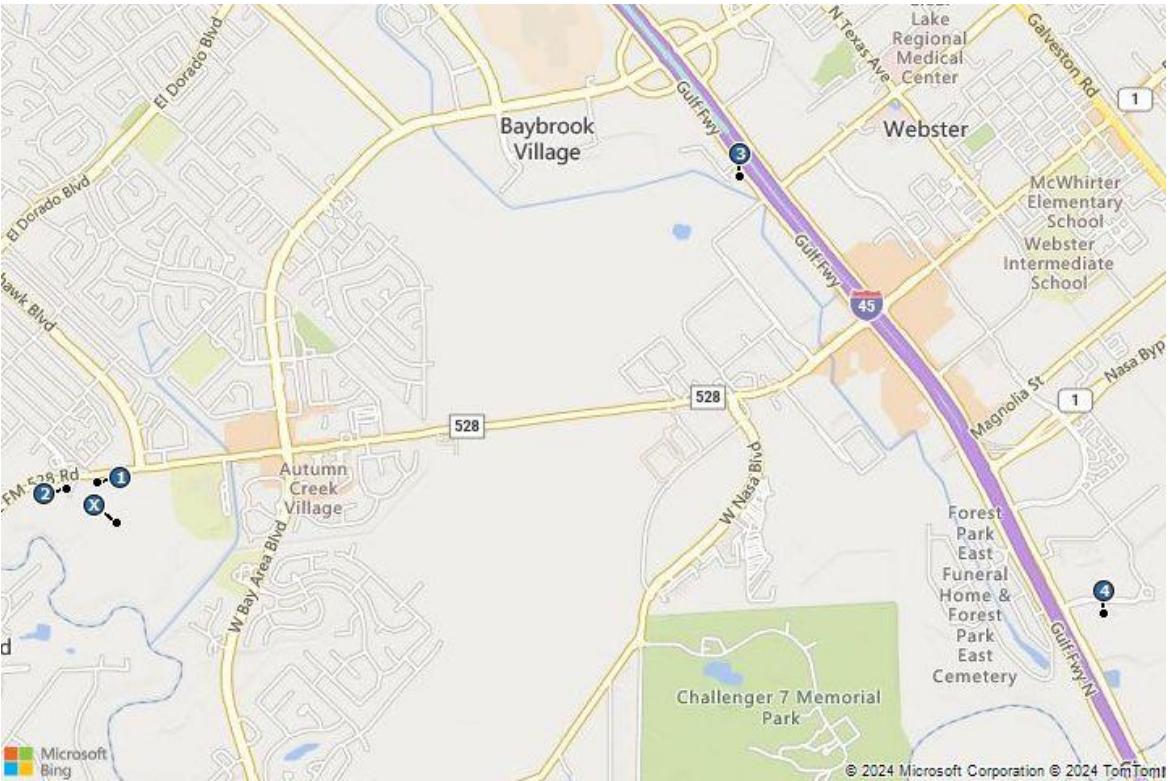
To apply the sales comparison approach to Lot 2, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales - Lot 2								
No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
Subject				64,207	64,207	PUD (Planned Unit Development)		
Friendswood Public Improvement District				1.47	1.47			
Friendswood, TX								

Comparable Land Sales Map – Lot 2





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from March 2023 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2 and 4 are similar to the subject and require no adjustment. Sale 3 is superior to the subject. A downward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 2

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr
City	Friendswood	Friendswood	Friendswood	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23
Sale Status		Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600
Acres	1.474	1.654	1.659	3.234	2.961
Usable Acres	1.474	1.654	1.659	2.696	2.961
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26
Transactional Adjustments					
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—
Conditions of Sale		—	—	—	Arm's-length
% Adjustment		—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—
\$ Adjustment		—	—	—	—
Market Conditions	7/5/2024	Mar-24	Jul-24	Feb-24	Mar-23
Annual % Adjustment	0%	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26
Property Adjustments					
Location		—	—	—	—
Access/Exposure		—	—	-10%	—
Size		—	—	—	—
Shape and Topography		—	—	—	—
Zoning		—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	-\$2.29	\$0.00
Net Property Adjustments (%)		0%	0%	-10%	0%
Final Adjusted Price		\$20.00	\$20.00	\$20.62	\$20.26
Range of Adjusted Prices		\$20.00 - \$20.62			
Average		\$20.22			
Indicated Value		\$20.00			

Land Value Conclusion – Lot 2

Prior to adjustments, the sales reflect a range of \$20.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$20.00 - \$20.62 per usable square foot, with an average of \$20.22 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	64,207
Indicated Value	\$1,284,149
Rounded	\$1,280,000



Lot 3 (1.654 Acres; 72,048 SF)

To apply the sales comparison approach to Lot 3, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

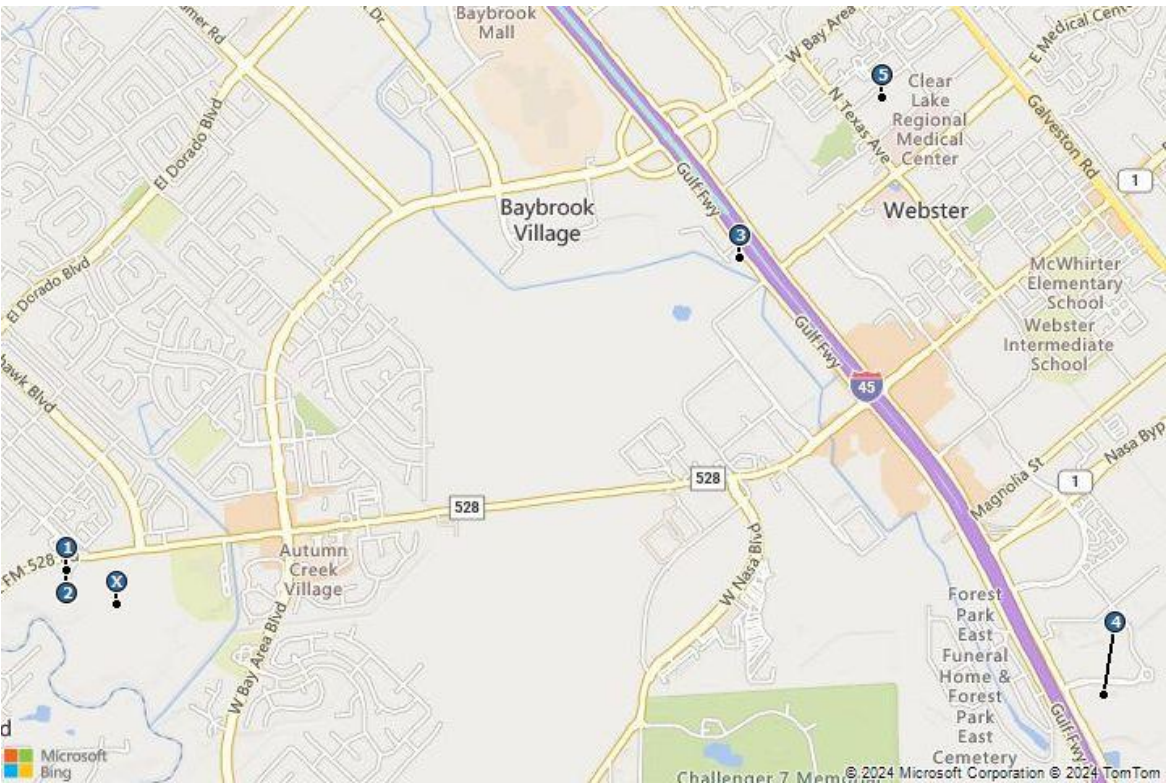
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 3

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.</i>	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
	Subject Friendswood Public Improvement District Friendswood, TX			72,048 1.65	72,048 1.65	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 3





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2 and 4 are similar to the subject and require no adjustment. Sale 3 is superior to the subject. A downward adjustment is applied. Sale 5 is inferior to the subject. An upward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 3

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Townes Road	Southeast corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Jul-24	Mar-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,445,320	\$1,155,734	\$2,690,732	\$2,613,600	\$784,080
Acres	1.654	1.659	1.474	3.234	2.961	1.000
Usable Acres	1.654	1.659	1.474	2.696	2.961	1.000
Price per Usable Square Foot		\$20.00	\$18.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	7/5/2024	Jul-24	Mar-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$18.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		—	—	-10%	—	10%
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	-\$2.29	\$0.00	\$1.80
Net Property Adjustments (%)		0%	0%	-10%	0%	10%
Final Adjusted Price		\$20.00	\$18.00	\$20.62	\$20.26	\$19.80
Range of Adjusted Prices						
		\$18.00 - \$20.62				
Average		\$19.74				
Indicated Value		\$20.00				

Land Value Conclusion – Lot 3

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$20.62 per usable square foot, with an average of \$19.74 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based on the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	<u>72,048</u>
Indicated Value	\$1,440,965
Rounded	<u>\$1,440,000</u>

Lot 4 (1.597 Acres; 69,565 SF)

To apply the sales comparison approach to Lot 4, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

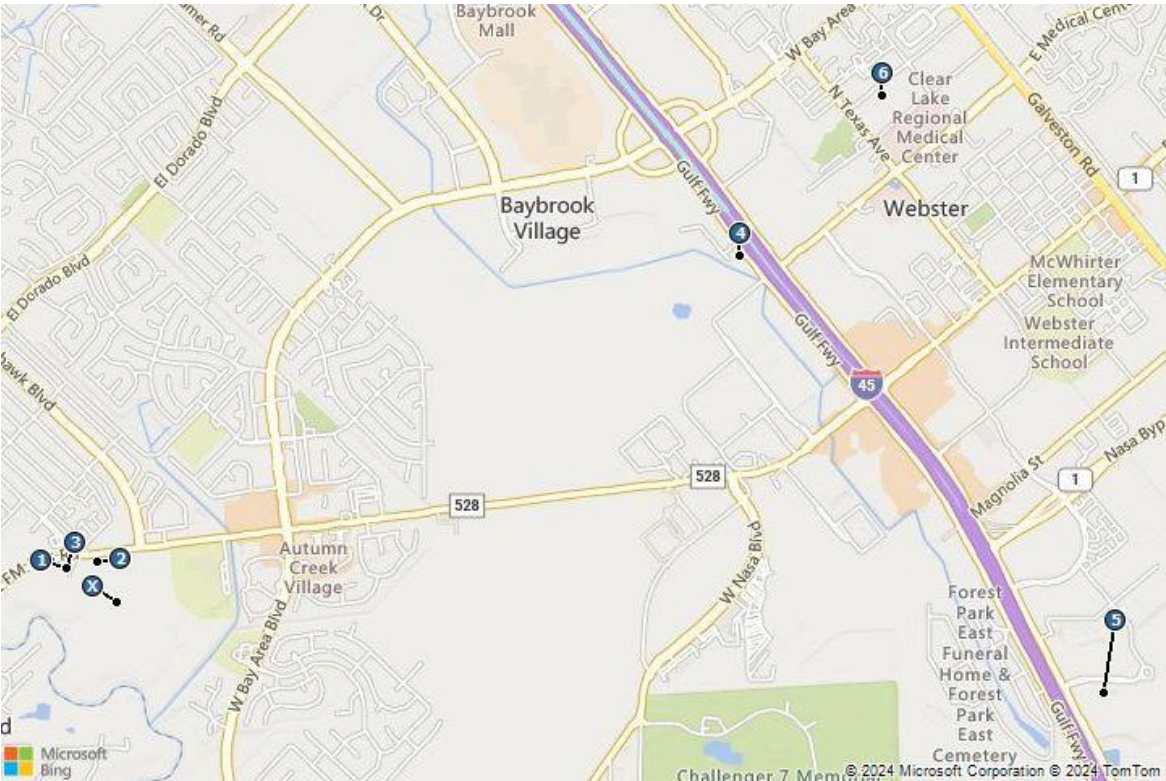
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 4

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.</i>	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
2	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
4	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
5	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
6	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
Subject Friendswood Public Improvement District Friendswood, TX				69,565 1.60	69,565 1.60	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 4





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - FM 528



Sale 4
Land - Gulf Fwy



Sale 5
Land - Flyway Drive



Sale 6
Land - Orchard St.

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from March 2023 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2, 3 and 5 are similar to the subject and require no adjustment. Sale 4 is superior to the subject. A downward adjustment is applied. Sale 6 is inferior to the subject. An upward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 4

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Address	South side of FM-528, west of W. Bay Area Boulevard	Southeast corner of FM 528 and Townes Road	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,155,734	\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080
Acres	1.597	1.474	1.654	1.659	3.234	2.961	1.000
Usable Acres	1.597	1.474	1.654	1.659	2.696	2.961	1.000
Price per Usable Square Foot		\$18.00	\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments							
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—
Conditions of Sale		—	—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—
Market Conditions	7/5/2024	Mar-24	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—	—
Cumulative Adjusted Price		\$18.00	\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments							
Location		—	—	—	—	—	—
Access/Exposure		—	—	—	-10%	—	10%
Size		—	—	—	—	—	—
Shape and Topography		—	—	—	—	—	—
Zoning		—	—	—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	\$0.00	-\$2.29	\$0.00	\$1.80
Net Property Adjustments (%)		0%	0%	0%	-10%	0%	10%
Final Adjusted Price		\$18.00	\$20.00	\$20.00	\$20.62	\$20.26	\$19.80
Range of Adjusted Prices							
		\$18.00 - \$20.62					
Average		\$19.78					
Indicated Value		\$20.00					

Land Value Conclusion – Lot 4

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$20.62 per usable square foot, with an average of \$19.78 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	69,565
Indicated Value	\$1,391,306
Rounded	\$1,390,000

Lot 5 (1.454 Acres; 63,336 SF)

To apply the sales comparison approach to Lot 5, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

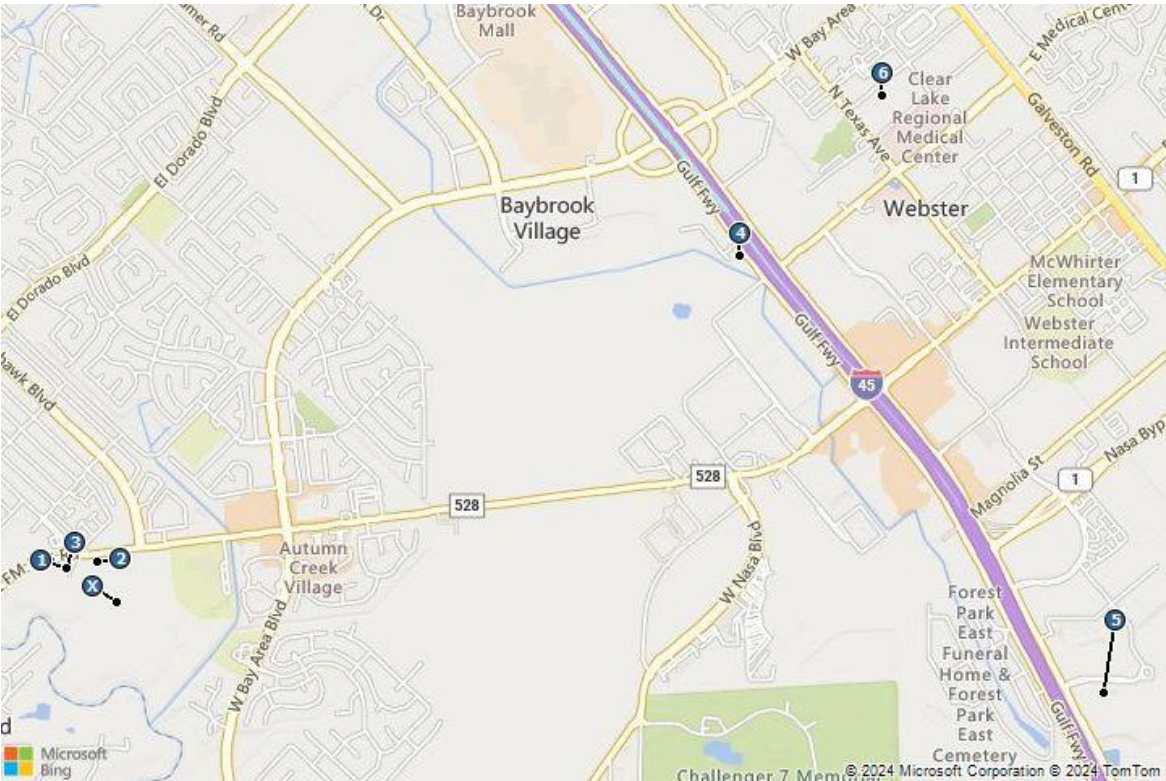
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 5

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.</i>	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
2	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
4	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
5	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
6	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
Subject				63,336	63,336	PUD (Planned		
Friendswood Public Improvement District				1.45	1.45	Unit		
Friendswood, TX						Development)		

Comparable Land Sales Map – Lot 5





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - FM 528



Sale 4
Land - Gulf Fwy



Sale 5
Land - Flyway Drive



Sale 6
Land - Orchard St.



Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2, 3 and 5 are similar to the subject and require no adjustment. Sale 4 is superior to the subject. A downward adjustment is applied. Sale 6 is inferior to the subject. An upward adjustment is applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 5

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Address	South side of FM-528, west of W. Bay Area Boulevard	Southeast corner of FM 528 and Townes Road	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,155,734	\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080
Acres	1.454	1.474	1.654	1.659	3.234	2.961	1.000
Usable Acres	1.454	1.474	1.654	1.659	2.696	2.961	1.000
Price per Usable Square Foot		\$18.00	\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments							
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—
Conditions of Sale		—	—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—
Market Conditions	7/5/2024	Mar-24	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—	—
Cumulative Adjusted Price		\$18.00	\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments							
Location		—	—	—	—	—	—
Access/Exposure		—	—	—	-10%	—	10%
Size		—	—	—	—	—	—
Shape and Topography		—	—	—	—	—	—
Zoning		—	—	—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	\$0.00	-\$2.29	\$0.00	\$1.80
Net Property Adjustments (%)		0%	0%	0%	-10%	0%	10%
Final Adjusted Price		\$18.00	\$20.00	\$20.00	\$20.62	\$20.26	\$19.80
Range of Adjusted Prices							
		\$18.00 - \$20.62					
Average		\$19.78					
Indicated Value		\$20.00					

Land Value Conclusion – Lot 5

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$20.62 per usable square foot, with an average of \$19.78 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$20.00
Subject Usable Square Feet	63,336
Indicated Value	\$1,266,725
Rounded	\$1,270,000

Lot 6 (2.750 Acres; = 119,790 SF)

To apply the sales comparison approach to Lot 6, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Mixed-use, Commercial and Multi-family
- Transaction Date: Past 24 months

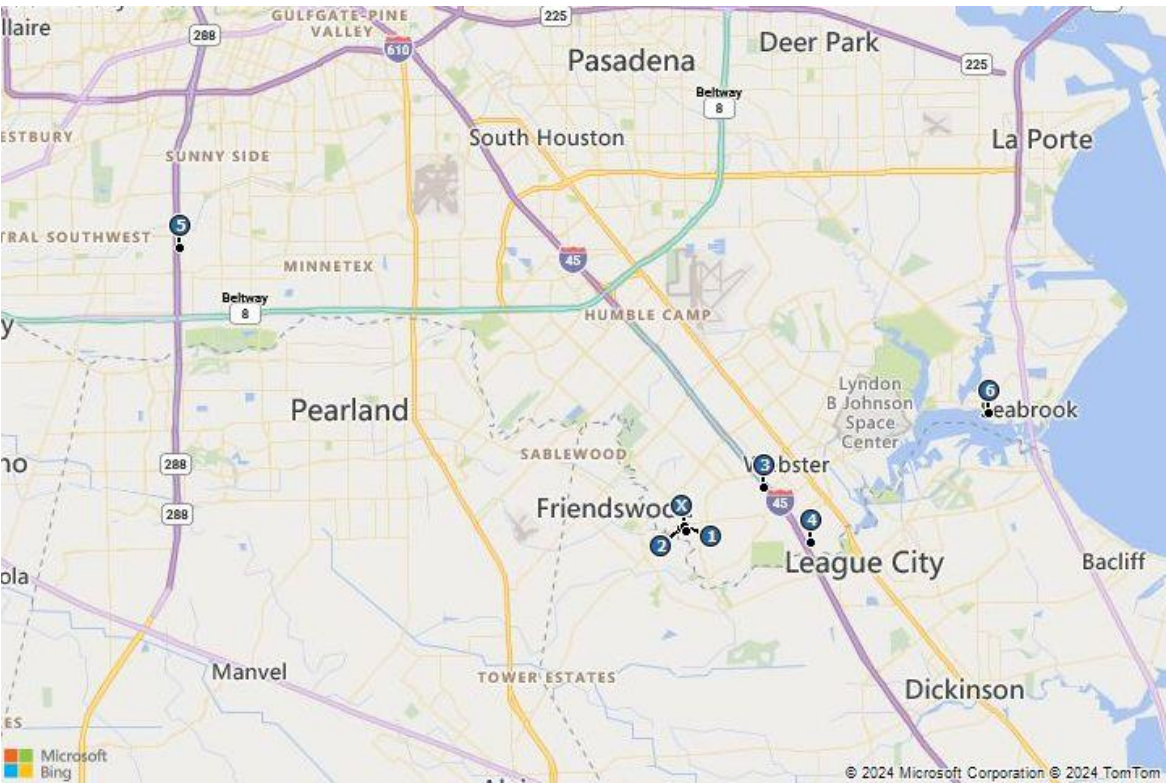
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 6

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	14.95 Ac Hwy 288 East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue Houston Harris County TX <i>Comments: Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.</i>	Aug-22 Closed	\$12,369,893	651,048 14.95	537,792 12.35	None	\$19.00	\$23.00
6	Waterfront Land - NASA Pkwy West side of NASA Parkway at Repsdorph Road Seabrook Harris County TX <i>Comments: The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.</i>	Aug-22 Closed	\$12,700,000	447,133 10.26	447,133 10.26	WAD	\$28.40	\$28.40
	Subject Friendswood Public Improvement District Friendswood, TX			119,790 2.75	119,790 2.75	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 6





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
14.95 Ac Hwy 288



Sale 6
Waterfront Land - NASA Pkwy

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from August 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sales 1, 2, 4 and 5 are similar to the subject and require no adjustment. Sales 3 and 6 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

Sales 1, 2, 3 and 4 are similar to the subject and require no adjustment. Sales 5 and 6 are larger than the subject and require upward adjustments.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

Sales 5 and 6 are similar to the subject and require no adjustment. Sales 1, 2, 3 and 4 are inferior to the subject. Upward adjustments are applied.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 6

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue	West side of NASA Parkway at Repsдорф Road
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Houston	Seabrook
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Aug-22	Aug-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$12,369,893	\$12,700,000
Acres	2.750	1.654	1.659	3.234	2.961	14.946	10.265
Usable Acres	2.750	1.654	1.659	2.696	2.961	12.346	10.265
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$23.00	\$28.40
Transactional Adjustments							
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	Arm's-length	—
% Adjustment		—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Aug-22	Aug-22
Annual % Adjustment	0%	—	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$23.00	\$28.40
Property Adjustments							
Location		—	—	—	—	—	—
Access/Exposure		—	—	-10%	—	—	-20%
Size		—	—	—	—	10%	10%
Shape and Topography		—	—	—	—	—	—
Zoning		25%	25%	25%	25%	—	—
Net Property Adjustments (\$)		\$5.00	\$5.00	\$3.44	\$5.07	\$2.30	-\$2.84
Net Property Adjustments (%)		25%	25%	15%	25%	10%	-10%
Final Adjusted Price		\$25.00	\$25.00	\$26.35	\$25.33	\$25.30	\$25.56
Range of Adjusted Prices		\$25.00 - \$26.35					
Average		\$25.42					
Indicated Value		\$25.50					

Land Value Conclusion – Lot 6

Prior to adjustments, the sales reflect a range of \$20.00 - \$28.40 per usable square foot. After adjustment, the range is narrowed to \$25.00 - \$26.35 per usable square foot, with an average of \$25.42 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$25.50
Subject Usable Square Feet	119,790
Indicated Value	\$3,054,645
Rounded	\$3,050,000

Lot 7 (2.716 Acres; 118,309 SF)

To apply the sales comparison approach to Lot 7, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Mixed-use, Commercial and Multi-family
- Transaction Date: Past 24 months

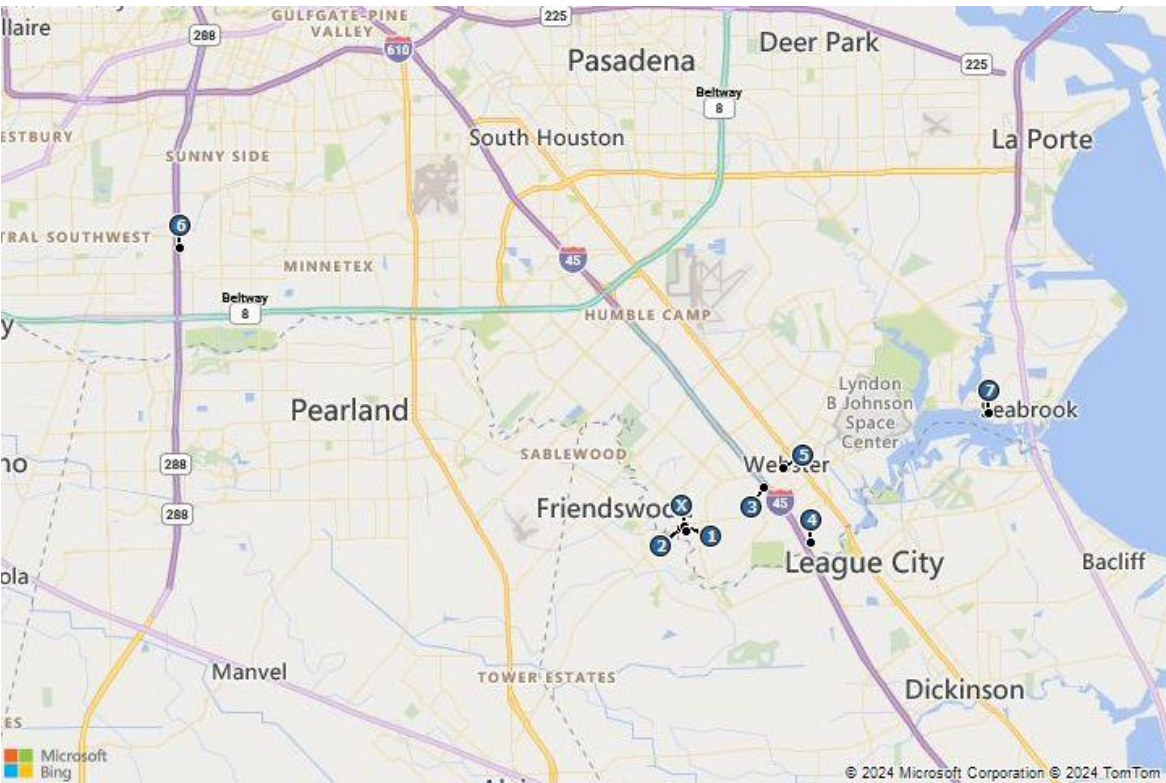
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 7

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
6	14.95 Ac Hwy 288 East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue Houston Harris County TX <i>Comments: Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.</i>	Aug-22 Closed	\$12,369,893	651,048 14.95	537,792 12.35	None	\$19.00	\$23.00
7	Waterfront Land - NASA Pkwy West side of NASA Parkway at Repsdorph Road Seabrook Harris County TX <i>Comments: The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.</i>	Aug-22 Closed	\$12,700,000	447,133 10.26	447,133 10.26	WAD	\$28.40	\$28.40
Subject Friendswood Public Improvement District Friendswood, TX				118,309 2.72	118,309 2.72	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 7





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.



Sale 6
14.95 Ac Hwy 288



Sale 7
Waterfront Land - NASA Pkwy

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from August 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3, 4, 6 and 7 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

Sales 1, 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sales 6 and 7 are larger than the subject and require upward adjustments.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

Sales 6 and 7 are similar to the subject and require no adjustment. Sales 1, 2, 3, 4 and 5 are inferior to the subject. Upward adjustments are applied.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 7

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue	East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue	West side of NASA Parkway at Repsdorph Road
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster	Houston	Seabrook
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Oct-22	Aug-22	Aug-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080	\$12,369,893	\$12,700,000
Acres	2.716	1.654	1.659	3.234	2.961	1.000	14.946	10.265
Usable Acres	2.716	1.654	1.659	2.696	2.961	1.000	12.346	10.265
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00	\$23.00	\$28.40
Transactional Adjustments								
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—	Arm's-length	—
% Adjustment		—	—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22	Aug-22	Aug-22
Annual % Adjustment	0%	—	—	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00	\$23.00	\$28.40
Property Adjustments								
Location		—	—	—	—	—	—	—
Access/Exposure		-10%	-10%	-20%	-10%	—	-10%	-30%
Size		—	—	—	—	—	10%	10%
Shape and Topography		—	—	—	—	—	—	—
Zoning		25%	25%	25%	25%	25%	—	—
Net Property Adjustments (\$)		\$3.00	\$3.00	\$1.15	\$3.04	\$4.50	\$0.00	-\$5.68
Net Property Adjustments (%)		15%	15%	5%	15%	25%	0%	-20%
Final Adjusted Price		\$23.00	\$23.00	\$24.06	\$23.30	\$22.50	\$23.00	\$22.72
Range of Adjusted Prices		\$22.50 - \$24.06						
Average		\$23.08						
Indicated Value		\$23.00						

Land Value Conclusion – Lot 7

Prior to adjustments, the sales reflect a range of \$18.00 - \$28.40 per usable square foot. After adjustment, the range is narrowed to \$22.50 - \$24.06 per usable square foot, with an average of \$23.08 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$23.00
Subject Usable Square Feet	118,309
Indicated Value	\$2,721,106
Rounded	\$2,720,000

Lot 8 (2.660 Acres; 115,870 SF)

To apply the sales comparison approach to Lot 8, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

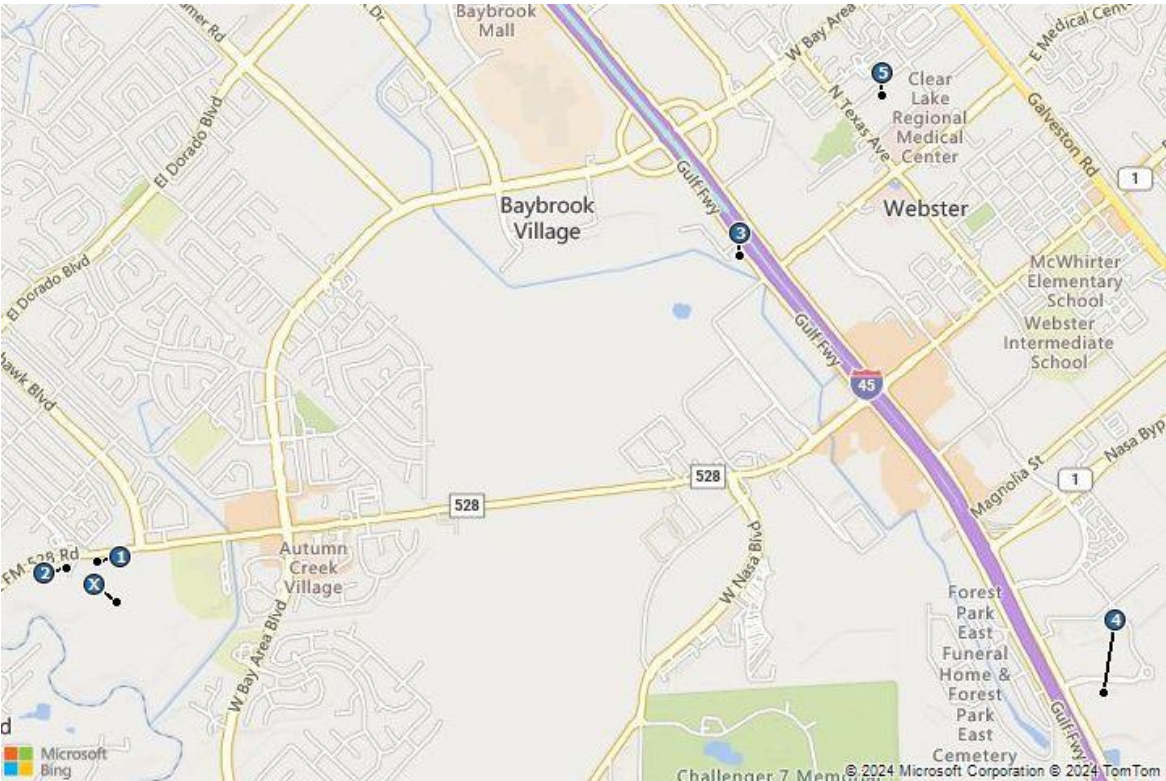
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 8

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
Subject Friendswood Public Improvement District Friendswood, TX				115,870 2.66	115,870 2.66	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 8





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3 and 4 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 8

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080
Acres	2.660	1.654	1.659	3.234	2.961	1.000
Usable Acres	2.660	1.654	1.659	2.696	2.961	1.000
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-10%	-10%	-20%	-10%	—
Size		—	—	—	—	—
Shape and Topography		—	—	—	—	—
Zoning		—	—	—	—	—
Net Property Adjustments (\$)		-\$2.00	-\$2.00	-\$4.58	-\$2.03	\$0.00
Net Property Adjustments (%)		-10%	-10%	-20%	-10%	0%
Final Adjusted Price		\$18.00	\$18.00	\$18.33	\$18.24	\$18.00
Range of Adjusted Prices						
		\$18.00 - \$18.33				
Average		\$18.11				
Indicated Value		\$18.00				

Land Value Conclusion – Lot 8

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$18.33 per usable square foot, with an average of \$18.11 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$18.00
Subject Usable Square Feet	115,870
Indicated Value	\$2,085,653
Rounded	\$2,090,000

Lot 9 (3.072 Acres; 133,816 SF)

To apply the sales comparison approach to Lot 9, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Mixed-use, Commercial and Multi-family
- Transaction Date: Past 24 months

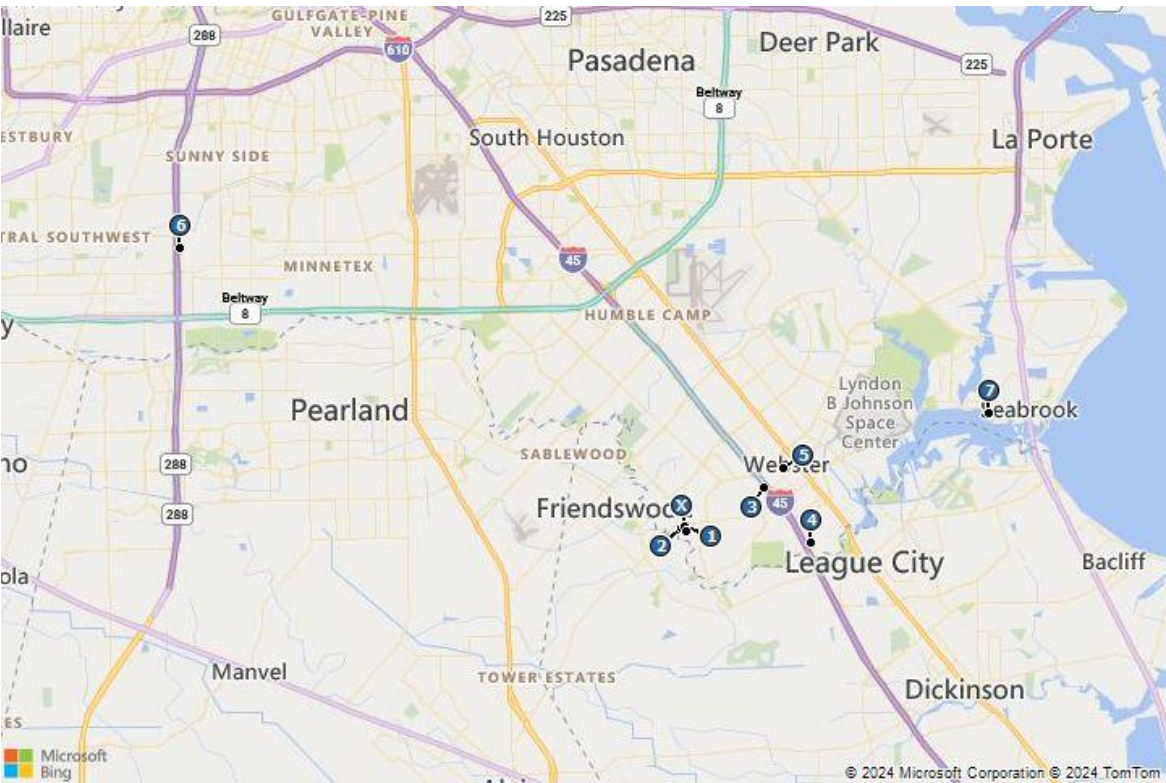
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 9

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
6	14.95 Ac Hwy 288 East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue Houston Harris County TX <i>Comments: Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.</i>	Aug-22 Closed	\$12,369,893	651,048 14.95	537,792 12.35	None	\$19.00	\$23.00
7	Waterfront Land - NASA Pkwy West side of NASA Parkway at Reps dorph Road Seabrook Harris County TX <i>Comments: The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.</i>	Aug-22 Closed	\$12,700,000	447,133 10.26	447,133 10.26	WAD	\$28.40	\$28.40
Subject Friendswood Public Improvement District Friendswood, TX				133,816 3.07	133,816 3.07	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 9





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.



Sale 6
14.95 Ac Hwy 288



Sale 7
Waterfront Land - NASA Pkwy

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments***Real Property Rights Conveyed***

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from August 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments***Location***

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3, 4, 6 and 7 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

Sales 1, 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sales 6 and 7 are larger than the subject and require upward adjustments.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

Sales 6 and 7 are similar to the subject and require no adjustment. Sales 1, 2, 3, 4 and 5 are inferior to the subject. Upward adjustments are applied.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 9

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue	East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue	West side of NASA Parkway at Repsdorph Road
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster	Houston	Seabrook
County	Harris	Harris	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Oct-22	Aug-22	Aug-22
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080	\$12,369,893	\$12,700,000
Acres	3.072	1.654	1.659	3.234	2.961	1.000	14.946	10.265
Usable Acres	3.072	1.654	1.659	2.696	2.961	1.000	12.346	10.265
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00	\$23.00	\$28.40
Transactional Adjustments								
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—	Arm's-length	—
% Adjustment		—	—	—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—	—	—
\$ Adjustment		—	—	—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22	Aug-22	Aug-22
Annual % Adjustment	0%	—	—	—	—	—	—	—
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00	\$23.00	\$28.40
Property Adjustments								
Location		—	—	—	—	—	—	—
Access/Exposure		-10%	-10%	-20%	-10%	—	-10%	-30%
Size		—	—	—	—	—	10%	10%
Shape and Topography		—	—	—	—	—	—	—
Zoning		25%	25%	25%	25%	25%	—	—
Net Property Adjustments (\$)		\$3.00	\$3.00	\$1.15	\$3.04	\$4.50	\$0.00	-\$5.68
Net Property Adjustments (%)		15%	15%	5%	15%	25%	0%	-20%
Final Adjusted Price		\$23.00	\$23.00	\$24.06	\$23.30	\$22.50	\$23.00	\$22.72
Range of Adjusted Prices		\$22.50 - \$24.06						
Average		\$23.08						
Indicated Value		\$23.00						

Land Value Conclusion – Lot 9

Prior to adjustments, the sales reflect a range of \$18.00 - \$28.40 per usable square foot. After adjustment, the range is narrowed to \$22.50 - \$24.06 per usable square foot, with an average of \$23.08 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion

Indicated Value per Usable Square Foot	\$23.00
Subject Usable Square Feet	133,816
Indicated Value	\$3,077,775
Rounded	\$3,080,000

Lot 10 (3.687 Acres; 160,606 SF)

To apply the sales comparison approach to Lot 10, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

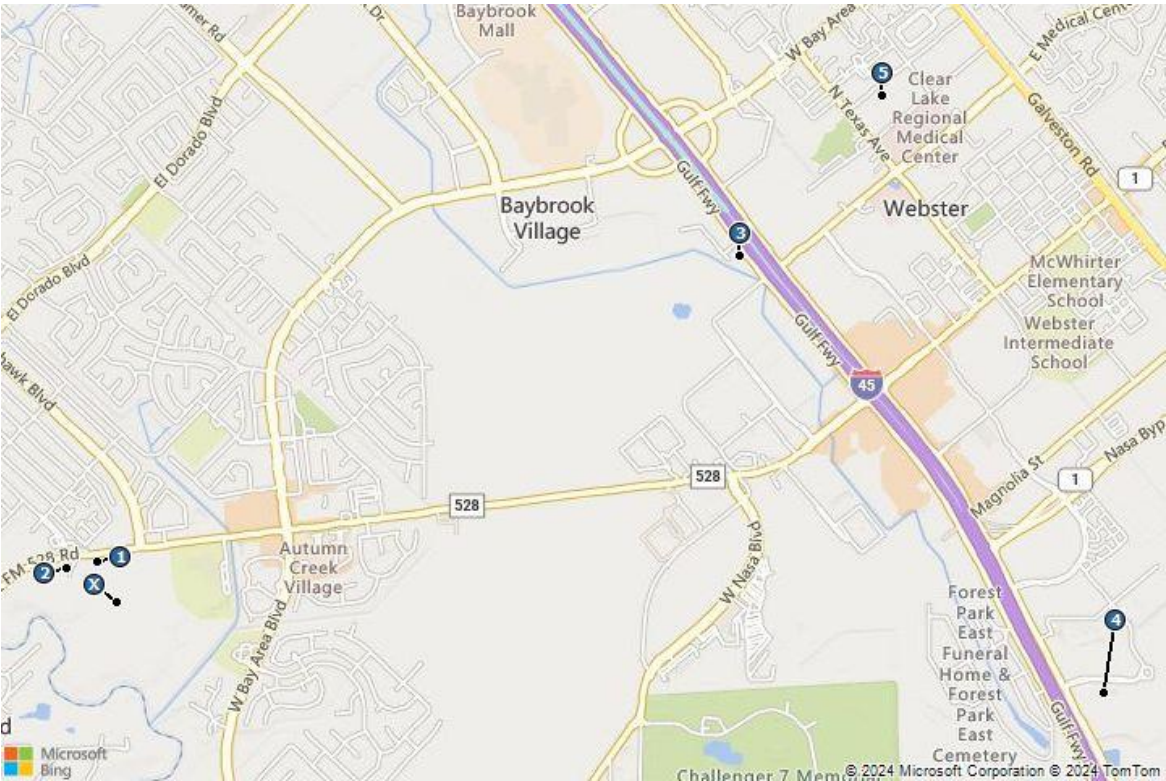
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 10

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.</i>	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
2	Land - FM 528 Southwest corner of FM 528 and Townes Road Friendswood Harris County TX <i>Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.</i>	Jul-24 Closed	\$1,445,320	72,266 1.66	72,266 1.66	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX <i>Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.</i>	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX <i>Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.</i>	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX <i>Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.</i>	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
	Subject Friendswood Public Improvement District Friendswood, TX			160,606 3.69	160,606 3.69	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 10





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to July 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3 and 4 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 10						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southwest corner of FM 528 and Madison Avenue	Southwest corner of FM 528 and Townes Road	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,440,965	\$1,445,320	\$2,690,732	\$2,613,600	\$784,080
Acres	3.687	1.654	1.659	3.234	2.961	1.000
Usable Acres	3.687	1.654	1.659	2.696	2.961	1.000
Price per Usable Square Foot		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-
Conditions of Sale		-	-	-	Arm's-length	-
% Adjustment		-	-	-	-	-
Expenditures Made Immediately After Purchase		-	-	-	-	-
\$ Adjustment		-	-	-	-	-
Market Conditions	5/31/2025	Mar-24	Jul-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	-	-	-	-	-
Cumulative Adjusted Price		\$20.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		-	-	-	-	-
Access/Exposure		-10%	-10%	-20%	-10%	-
Size		-	-	-	-	-
Shape and Topography		-	-	-	-	-
Zoning		-	-	-	-	-
Net Property Adjustments (\$)		-\$2.00	-\$2.00	-\$4.58	-\$2.03	\$0.00
Net Property Adjustments (%)		-10%	-10%	-20%	-10%	0%
Final Adjusted Price		\$18.00	\$18.00	\$18.33	\$18.24	\$18.00
Range of Adjusted Prices						
		\$18.00 - \$18.33				
Average		\$18.11				
Indicated Value		\$18.00				

Land Value Conclusion – Lot 10

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$18.00 - \$18.33 per usable square foot, with an average of \$18.11 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$18.00
Subject Usable Square Feet	160,606
Indicated Value	\$2,890,903
Rounded	\$2,890,000



Lot 11 (1.806 Acres; 78,675 SF)

To apply the sales comparison approach to Lot 11, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: Less than 4.0 acres
- Use: Commercial
- Transaction Date: Past 24 months

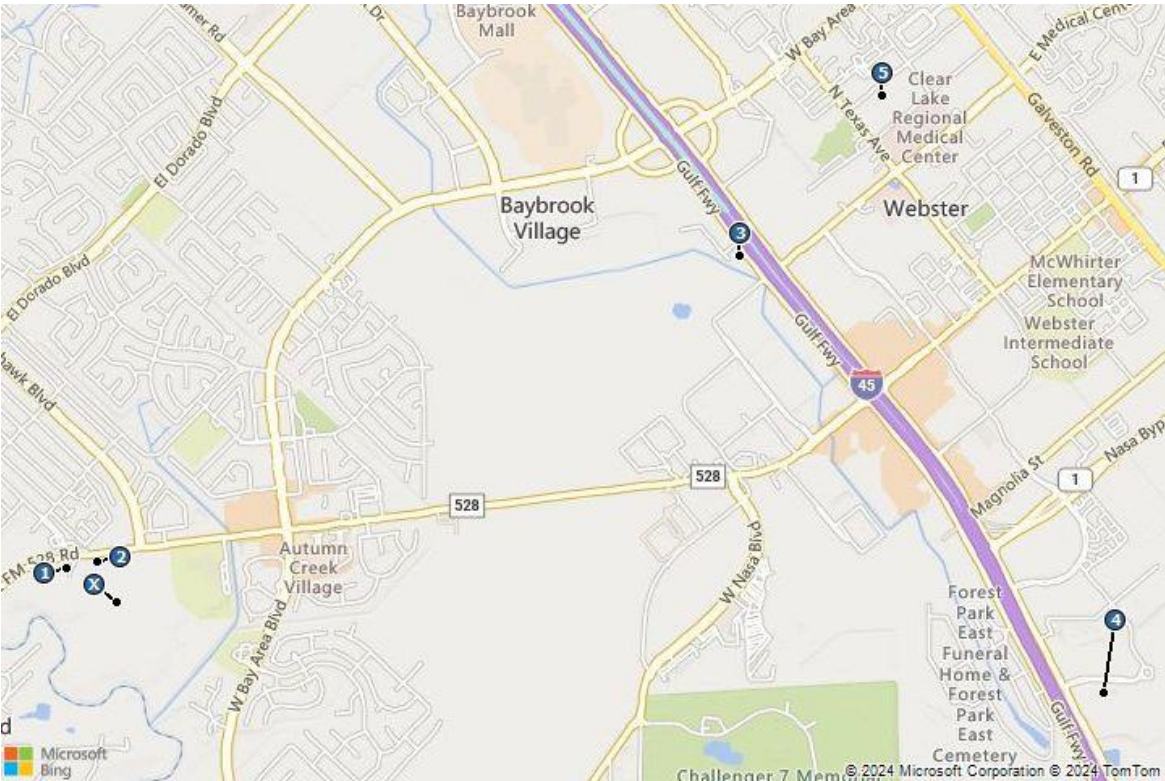
For this analysis, price per usable square foot is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:



Summary of Comparable Land Sales - Lot 11

No.	Name/Address	Sale Date; Status	Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	Land - FM 528 Southeast corner of FM 528 and Townes Road Friendswood Harris County TX Comments: This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.	Mar-24 Closed	\$1,155,734	64,207 1.47	64,207 1.47	PUD (Planned Unit Development)	\$18.00	\$18.00
2	Land - FM 528 Southwest corner of FM 528 and Madison Avenue Friendswood Harris County TX Comments: This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.	Mar-24 Closed	\$1,440,965	72,048 1.65	72,048 1.65	PUD (Planned Unit Development)	\$20.00	\$20.00
3	Land - Gulf Fwy South corner of IH-45 (Gulf Freeway) and Rogers Drive Webster Harris County TX Comments: This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.	Feb-24 Closed	\$2,690,732	140,877 3.23	117,424 2.70	C-2	\$19.10	\$22.91
4	Land - Flyway Drive Southeast corner of Flyway Drive and Osprey Dr Webster Harris County TX Comments: The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.	Mar-23 Closed	\$2,613,600	128,983 2.96	128,983 2.96	PD	\$20.26	\$20.26
5	Land - Orchard St. South side of Orchard Street, east of Texas Avenue Webster Harris County TX Comments: These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.	Oct-22 Closed	\$784,080	43,560 1.00	43,560 1.00	C3	\$18.00	\$18.00
	Subject Friendswood Public Improvement District Friendswood, TX			78,675 1.81	78,675 1.81	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 11





Sale 1
Land - FM 528



Sale 2
Land - FM 528



Sale 3
Land - Gulf Fwy



Sale 4
Land - Flyway Drive



Sale 5
Land - Orchard St.

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from October 2022 to March 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 5 is similar to the subject and requires no adjustment. Sales 1, 2, 3 and 4 are superior to the subject. Downward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are superior to the subject. Downward adjustments are applied.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 11						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	Southeast corner of FM 528 and Townes Road	Southwest corner of FM 528 and Madison Avenue	South corner of IH-45 (Gulf Freeway) and Rogers Drive	Southeast corner of Flyway Drive and Osprey Dr	South side of Orchard Street, east of Texas Avenue
City	Friendswood	Friendswood	Friendswood	Webster	Webster	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Mar-24	Mar-24	Feb-24	Mar-23	Oct-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$1,155,734	\$1,440,965	\$2,690,732	\$2,613,600	\$784,080
Acres	1.806	1.474	1.654	3.234	2.961	1.000
Usable Acres	1.806	1.474	1.654	2.696	2.961	1.000
Price per Usable Square Foot		\$18.00	\$20.00	\$22.91	\$20.26	\$18.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	Arm's-length	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Mar-24	Mar-24	Feb-24	Mar-23	Oct-22
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$18.00	\$20.00	\$22.91	\$20.26	\$18.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-10%	-10%	-20%	-10%	—
Size		—	—	—	—	—
Shape and Topography		-10%	-10%	-10%	-10%	-10%
Zoning		—	—	—	—	—
Net Property Adjustments (\$)		-\$3.60	-\$4.00	-\$6.87	-\$4.05	-\$1.80
Net Property Adjustments (%)		-20%	-20%	-30%	-20%	-10%
Final Adjusted Price		\$14.40	\$16.00	\$16.04	\$16.21	\$16.20
Range of Adjusted Prices		\$14.40 - \$16.21				
Average		\$15.77				
Indicated Value		\$15.75				

Land Value Conclusion – Lot 11

Prior to adjustments, the sales reflect a range of \$18.00 - \$22.91 per usable square foot. After adjustment, the range is narrowed to \$14.40 - \$16.21 per usable square foot, with an average of \$15.77 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based on the preceding analysis, the land value conclusion for the subject is presented as follows:

Land Value Conclusion	
Lot 11	
Indicated Value per Usable Square Foot	\$15.75
Subject Usable Square Feet	78,675
Indicated Value	\$1,239,131
Rounded	\$1,240,000



Lot 12 (17.515 Acres; 762,937 SF)

To apply the sales comparison approach to Lot 12, the research focused on transactions within the following parameters:

- Location: Houston Area
- Size: 10 – 20 Acres
- Use: Multi-Family or Mixed-use with Multi-Family
- Transaction Date: Past 24 months

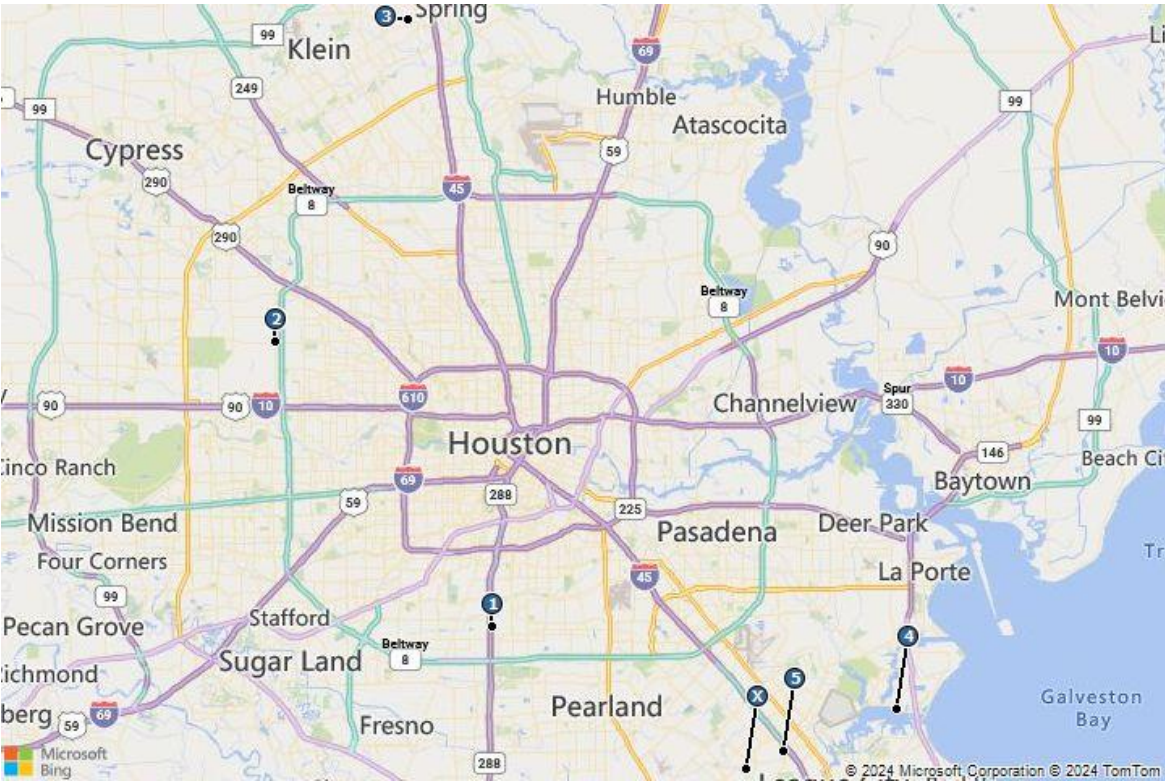
For this analysis, price per usable square foot is used as the appropriate unit of comparison. The most relevant sales are summarized in the following table.



Summary of Comparable Land Sales - Lot 12

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Usable SF; Usable Acres	Zoning	\$/SF Land	\$/Usable SF
1	14.95 Ac Hwy 288 East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue Houston Harris County TX <i>Comments: Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.</i>	Aug-22 Closed	\$12,369,893	651,048 14.95	537,792 12.35	None	\$19.00	\$23.00
2	Brittmoore Land 4522 Northwest quadrant of Brittmoore Road and Clay Road Houston Harris County TX <i>Comments: The property is to be improved with a 324-unit, Class A market rate apartment project. Although the property wraps detention owned by Harris County, it will require onsite detention for development.</i>	Oct-22 Closed	\$12,000,000	701,272 16.10	567,351 13.02	None	\$17.11	\$21.15
3	10.8046 acres, FM 2920 Southwest corner of FM-2920 and Foster Road Spring Harris County TX <i>Comments: The property was used for light industrial purposes and included a 15,513 SF industrial building. It was purchased to be developed with an apartment development. As such, we have added the estimated cost of \$75,000 for demolition costs.</i>	Aug-23 Closed	\$5,815,419	470,648 10.80	470,648 10.80	None	\$12.36	\$12.36
4	Waterfront Land - NASA Pkwy West side of NASA Parkway at Repsdorph Road Seabrook Harris County TX <i>Comments: The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.</i>	Aug-22 Closed	\$12,700,000	447,133 10.26	447,133 10.26	WAD	\$28.40	\$28.40
5	Land - Webster Southeast corner of Medical Center Boulevard and Genesis Boulevard Webster Harris County TX <i>Comments: The property was listed at \$13.75/SF. On site detention required. According to the broker, the grantee intends to build an Andretti amusement center on the site. Site is adjacent to Costco.</i>	May-24 Recorded	\$5,227,200	435,600 10.00	435,600 10.00	C2	\$12.00	\$12.00
Subject Friendswood Public Improvement District Friendswood, TX				762,937 17.51	762,937 17.51	PUD (Planned Unit Development)		

Comparable Land Sales Map – Lot 12





Sale 1
14.95 Ac Hwy 288



Sale 2
Brittmoore Land



Sale 3
10.8046 acres, FM 2920



Sale 4
Waterfront Land - NASA Pkwy



Sale 5
Land - Webster

Analysis and Adjustment of Sales

Adjustments are considered for the following factors in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

The sales took place from August 2022 to March 2024. Market conditions had generally been strengthening prior to the rapid interest rate hikes in 2022 and remained relatively stable. Thus, no change from June 1, 2022, through the effective date of value.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

Sale 2 is similar to the subject and requires no adjustment. Sales 1 and 4 are superior to the subject. Downward adjustments are applied. Sales 3 and 5 are inferior to the subject. Upward adjustments are applied.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

Sales 1, 2, 4 and 5 are similar to the subject and require no adjustment. Sale 3 is inferior to the subject. An upward adjustment is applied.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of PUD (Planned Unit Development) - Mixed-use.

Sales 1, 2, 3 and 4 are similar to the subject and require no adjustment. Sale 5 is inferior to the subject. An upward adjustment is applied.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid - Lot 12

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	South side of FM-528, west of W. Bay Area Boulevard	East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue	4522 Northwest quadrant of Brittmoore Road and Clay Road	Southwest corner of FM-2920 and Foster Road	West side of NASA Parkway at Repsdorph Road	Southeast corner of Medical Center Boulevard and Genesis Boulevard
City	Friendswood	Houston	Houston	Spring	Seabrook	Webster
County	Harris	Harris	Harris	Harris	Harris	Harris
State	Texas	TX	TX	TX	TX	TX
Sale Date		Aug-22	Oct-22	Aug-23	Aug-22	May-24
Sale Status		Closed	Closed	Closed	Closed	Recorded
Sale Price		\$12,369,893	\$12,000,000	\$5,740,419	\$12,700,000	\$5,227,200
Expenditures After Purchase		—	—	\$75,000	—	—
Effective Sale Price		\$12,369,893	\$12,000,000	\$5,815,419	\$12,700,000	\$5,227,200
Acres	17.515	14.946	16.099	10.805	10.265	10.000
Usable Acres	17.515	12.346	13.025	10.805	10.265	10.000
Price per Usable Square Foot		\$23.00	\$21.15	\$12.36	\$28.40	\$12.00
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	—	—	—	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	Demolition costs	—	—
\$ Adjustment		—	—	See Above	—	—
Market Conditions	5/31/2025	Aug-22	Oct-22	Aug-23	Aug-22	May-24
Annual % Adjustment	0%	—	—	—	—	—
Cumulative Adjusted Price		\$23.00	\$21.15	\$12.36	\$28.40	\$12.00
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-10%	—	30%	-20%	20%
Size		—	—	—	—	—
Shape and Topography		—	—	30%	—	—
Zoning		—	—	—	—	50%
Net Property Adjustments (\$)		-\$2.30	\$0.00	\$7.41	-\$5.68	\$8.40
Net Property Adjustments (%)		-10%	0%	60%	-20%	70%
Final Adjusted Price		\$20.70	\$21.15	\$19.77	\$22.72	\$20.40
Range of Adjusted Prices		\$19.77 - \$22.72				
Average		\$20.95				
Indicated Value		\$21.00				

Land Value Conclusion – Lot 12

Prior to adjustments, the sales reflect a range of \$12.00 - \$28.40 per usable square foot. After adjustment, the range is narrowed to \$19.77 - \$22.72 per usable square foot, with an average of \$20.95 per usable square foot. To arrive at an indication of value, equal weight is given to all sales.

Based on the preceding analysis, the land value conclusion is as follows:

Land Value Conclusion	
Indicated Value per Usable Square Foot	\$21.00
Subject Usable Square Feet	762,937
Indicated Value	\$16,021,677
Rounded	\$16,020,000



Summary of Land Values

Based upon this analysis, the individual lot values are summarized as follows:

Summary of Land Values					
Parcel	Unit of Comparison	Usable SF	Indicated Value per Usable Square Foot	Indicated Value	Rounded
Lot 1	Usable SF	72,266	\$20.00	\$1,445,321	\$1,450,000
Lot 2	Usable SF	64,207	\$20.00	\$1,284,149	\$1,280,000
Lot 3	Usable SF	72,048	\$20.00	\$1,440,965	\$1,440,000
Lot 4	Usable SF	69,565	\$20.00	\$1,391,306	\$1,390,000
Lot 5	Usable SF	63,336	\$20.00	\$1,266,725	\$1,270,000
Lot 6	Usable SF	119,790	\$25.50	\$3,054,645	\$3,050,000
Lot 7	Usable SF	118,309	\$23.00	\$2,721,106	\$2,720,000
Lot 8	Usable SF	115,870	\$18.00	\$2,085,653	\$2,090,000
Lot 9	Usable SF	133,816	\$23.00	\$3,077,775	\$3,080,000
Lot 10	Usable SF	160,606	\$18.00	\$2,890,903	\$2,890,000
Lot 11	Usable SF	78,675	\$15.75	\$1,239,131	\$1,240,000
Lot 12	Usable SF	762,937	\$21.00	\$16,021,677	\$16,020,000

Sales Comparison Approach – Retail Buildings 1-5

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

As previously discussed, the subject’s proposed retail improvements are valued individually and assumed to be stabilized as of the prospective date of completion, May 31, 2025.

Building Areas

Name	Gross SF	Rentable SF	Unit of Comparison
Retail Lot 1	15,374	15,374	Rentable SF
Retail Lot 2	14,880	14,880	Rentable SF
Retail Lot 3	16,608	16,608	Rentable SF
Retail Lot 4	14,862	14,862	Rentable SF
Retail Lot 5	14,684	14,684	Rentable SF
TOTAL	76,408	76,408	

Retail Building 1 (15,374 SF)

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, the research focused on transactions within the following parameters:

- Property Type: Retail Shopping Center
- Location: Houston-The Woodlands-Sugar Land MSA
- Size: 5,000 – 20,000 SF
- Age/Quality: New construction
- Transaction Date: Most recent available

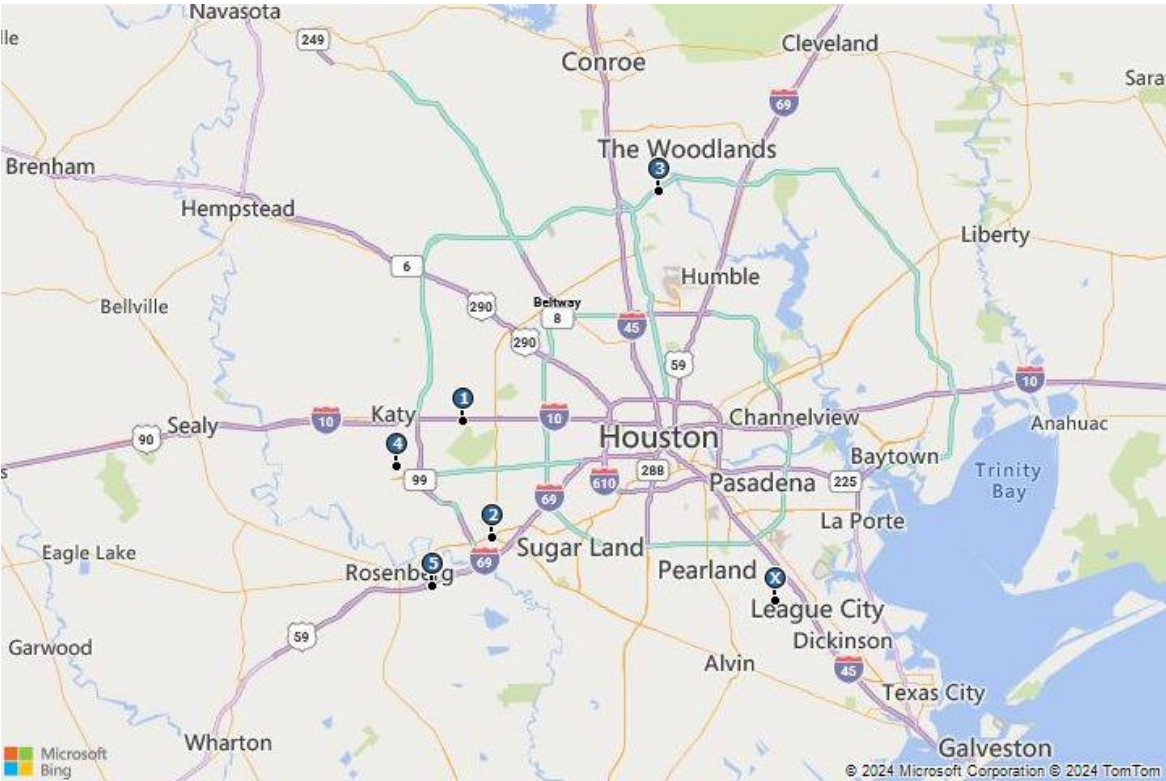
For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.



Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 –	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.66		15,374		
Friendswood City Center - Retail 1			1	0.21				
Friendswood, TX			0%	1.76/1,000				

Comparable Improved Sales Map





Sale 1
R/C - Katy Green



Sale 2
Citadel Retail Center



Sale 3
Woodson's Reserve



Sale 4
Plazas at Spring Green



Sale 5
R/C - Reading Rd

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 1	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	15,374	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$33.61	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	—	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	—	—	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-5%	—	—	—	—
Building Size		—	-6%	-4%	-6%	—
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		—	—	—	—	—
Anchor Strength		—	—	—	—	—
Economic Characteristics		—	—	—	—	—
Net Property Adjustments (\$)		\$15.86	-\$15.84	-\$3.58	-\$18.00	\$22.50
Net Property Adjustments (%)		3%	-3%	-1%	-3%	4%
Final Adjusted Price		\$544.66	\$527.37	\$533.39	\$535.85	\$585.07
Range of Adjusted Prices		\$527.37 - \$585.07				
Average		\$545.27				
Indicated Value		\$545.00				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$527.37 - \$585.07 per square foot, with an average of \$545.27 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	\$545.00
Subject Square Feet	15,374
Rounded	\$8,380,000
Indicated Value	\$8,378,830
Rounded	\$8,380,000



Retail Building 2 (14,880 SF)

To apply the sales comparison approach, we utilized the same comparable sales set used to estimate stabilized market value of Retail Building 2.

For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales								
No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 -	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.47		14,880		
Friendswood City Center - Retail 2			1	0.23				
Friendswood, TX			0%	5.65/1,000				

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 2	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	14,880	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$33.61	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	—	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	—	—	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-5%	—	—	—	—
Building Size		—	-6%	-3%	-6%	—
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		—	—	—	—	—
Anchor Strength		—	—	—	—	—
Economic Characteristics		—	—	—	—	—
Net Property Adjustments (\$)		\$15.86	-\$14.05	-\$1.81	-\$16.17	\$22.50
Net Property Adjustments (%)		3%	-3%	0%	-3%	4%
Final Adjusted Price		\$544.66	\$529.16	\$535.15	\$537.68	\$585.07
Range of Adjusted Prices						
		\$529.16 - \$585.07				
Average		\$546.34				
Indicated Value		\$546.50				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$529.16 - \$585.07 per square foot, with an average of \$546.34 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	\$546.50
Subject Square Feet	14,880
Rounded	\$8,130,000
Indicated Value	\$8,131,920
Rounded	\$8,130,000



Retail Building 3 (16,608 SF)

To apply the sales comparison approach, we utilized the same comparable sales set used to estimate stabilized market value of Retail Building 3.

For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales								
No.	Name/Address	Sale Date; Status	Yr. Bldg; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 -	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.65		16,608		
Friendswood City Center - Retail 3			1	0.23				
Friendswood, TX			0%	5.12/1,000				

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 3	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	16,608	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$33.61	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	-	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		-	-	-	-	-
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	-	-	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		-	-	-	-	-
Access/Exposure		-5%	-	-	-	-
Building Size		-	-7%	-4%	-7%	-
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		-	-	-	-	-
Anchor Strength		-	-	-	-	-
Economic Characteristics		-	-	-	-	-
Net Property Adjustments (\$)		\$15.86	-\$20.31	-\$7.99	-\$22.55	\$22.50
Net Property Adjustments (%)		3%	-4%	-1%	-4%	4%
Final Adjusted Price		\$544.66	\$522.90	\$528.97	\$531.30	\$585.07
Range of Adjusted Prices		\$522.90 - \$585.07				
Average		\$542.58				
Indicated Value		\$542.50				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$522.90 - \$585.07 per square foot, with an average of \$542.58 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	\$542.50
Subject Square Feet	16,608
Rounded	\$9,010,000
Indicated Value	\$9,009,840
Rounded	\$9,010,000



Retail Building 4 (14,862 SF)

To apply the sales comparison approach, we utilized the same comparable sales set used to estimate stabilized market value of Retail Building 4.

For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales								
No.	Name/Address	Sale Date; Status	Yr. Bldg; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 -	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.60		14,862		
Friendswood City Center - Retail 4			1	0.21				
Friendswood, TX			0%	5.52/1,000				

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 4	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	14,862	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$33.61	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	—	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	—	—	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-5%	—	—	—	—
Building Size		—	-6%	-3%	-6%	—
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		—	—	—	—	—
Anchor Strength		—	—	—	—	—
Economic Characteristics		—	—	—	—	—
Net Property Adjustments (\$)		\$15.86	-\$13.99	-\$1.74	-\$16.11	\$22.50
Net Property Adjustments (%)		3%	-3%	0%	-3%	4%
Final Adjusted Price		\$544.66	\$529.23	\$535.22	\$537.74	\$585.07
Range of Adjusted Prices		\$529.23 - \$585.07				
Average		\$546.38				
Indicated Value		\$546.50				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$529.23 - \$585.07 per square foot, with an average of \$546.38 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	\$546.50
Subject Square Feet	14,862
Rounded	\$8,120,000
Indicated Value	\$8,122,083
Rounded	\$8,120,000



Retail Building 5 (14,684 SF)

To apply the sales comparison approach, we utilized the same comparable sales set used to estimate stabilized market value of Retail Building 5.

For this analysis, price per square foot of gross leasable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales								
No.	Name/Address	Sale Date; Status	Yr. Bldg; # Stories; % Occ.	Acres; FAR; Parking Ratio	Sale Price	Leasable SF	\$/Leasable SF	Cap Rate
1	R/C - Katy Green 19111 Katy Fwy Houston Harris County TX	Nov-23 Closed	2017 1 100%	1.77 0.20 2.50/1,000	\$8,025,000	15,176	\$528.80	6.75%
<i>Comments: This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.</i>								
2	Citadel Retail Center 137 Citadel Way Sugar Land Fort Bend County TX	Oct-23 Closed	2022 1 100%	1.48 0.10 7.69/1,000	\$3,530,883	6,500	\$543.21	6.00%
<i>Comments: The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.</i>								
3	Woodson's Reserve 3917 Woodsons Reserve Pky. Unincorporated Montgomery County TX	Sep-23 Closed	2022 1 100%	2.32 0.10 15.19/1,000	\$5,250,000	9,875	\$531.65	6.00%
<i>Comments: This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.</i>								
4	Plazas at Spring Green 10625 Spring Green Boulevard Katy Fort Bend County TX	Jul-23 Closed	2022 1 100%	0.70 0.20 4.83/1,000	\$3,290,200	6,000	\$548.37	5.81%
<i>Comments: Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.</i>								
5	R/C - Reading Rd 6726 Reading Rd. Rosenberg Fort Bend County TX	Jan-22 Closed	2021 1 100%	1.81 0.21 -	\$8,800,896	16,270	\$540.93	5.75%
<i>Comments: Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.</i>								
Subject			2025	1.45		14,684		
Friendswood City Center - Retail 5			1	0.23				
Friendswood, TX			0%	2.79/1,000				

Analysis and Adjustment of Sales

Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

All of the comparables represent leased fee simple transactions, and adjustments for property rights are not necessary.

Financing

The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from January 2022 to November 2023. According to Costar analytics, the subject's submarket has experienced positive price growth of 3.58% and 1.60% over the past two years, respectively. However, Costar projects negative price growth of 7.52% over the next 12 months. Accordingly, the adjustment grid accounts for this trend with upward adjustments of 2.00% through year-end 2023 and no adjustment through the date of completion.

Market Conditions Adjustment						
Comp #	1	2	3	4	5	
Sale Date	11/14/2023	10/10/2023	9/26/2023	7/18/2023	1/5/2022	
Date	Annual Growth Rate					
12/31/2023	2%	0.26%	0.45%	0.53%	0.91%	3.97%
5/31/2025	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		0.26%	0.45%	0.53%	0.91%	3.97%
Rounded		0%	0%	1%	1%	4%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Sales 2, 3, 4 and 5 are similar to the subject and require no adjustment. Sale 1 is superior to the subject. A downward adjustment is applied.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 1 and 5 are similar to the subject and require no adjustment. Sales 2, 3 and 4 are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. The subject's proposed Retail Building 5 will include an approximate 6,000 SF c-store/gas station that is expected to be of a higher quality construction than typical retail centers. All of the comparables are inferior to the subject. Upward adjustments are applied.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. The value of the site is greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Friendswood City Center - Retail 5	R/C - Katy Green	Citadel Retail Center	Woodson's Reserve	Plazas at Spring Green	R/C - Reading Rd
Address	South side of FM-528, west of W. Bay Area Boulevard	19111 Katy Fwy	137 Citadel Way	3917 Woodsons Reserve Pky.	10625 Spring Green Boulevard	6726 Reading Rd.
City	Friendswood	Houston	Sugar Land	Unincorporated	Katy	Rosenberg
County	Harris	Harris	Fort Bend	Montgomery	Fort Bend	Fort Bend
State	Texas	TX	TX	TX	TX	TX
Sale Date		Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$8,025,000	\$3,530,883	\$5,250,000	\$3,290,200	\$8,800,896
Gross Leasable Area	14,684	15,176	6,500	9,875	6,000	16,270
Year Built	2025	2017	2022	2022	2022	2021
Projected NOI Per Net SF	\$46.79	\$35.69	\$32.59	\$31.90	\$31.85	\$31.13
Occupancy	0%	100%	100%	100%	100%	100%
Cap Rate	—	6.75%	6.00%	6.00%	5.81%	5.75%
Price per SF of Gross Leasable Area		\$528.80	\$543.21	\$531.65	\$548.37	\$540.93
Transactional Adjustments						
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		Arm's-length	Arm's-length	Arm's-length	Arm's-length	Arm's-length
% Adjustment		—	—	—	—	—
Market Conditions	5/31/2025	Nov-23	Oct-23	Sep-23	Jul-23	Jan-22
Annual % Adjustment	Variable	—	—	1%	1%	4%
Cumulative Adjusted Price		\$528.80	\$543.21	\$536.96	\$553.85	\$562.56
Property Adjustments						
Location		—	—	—	—	—
Access/Exposure		-5%	—	—	—	—
Building Size		—	-5%	-3%	-6%	—
Effective Age/Condition		8%	3%	3%	3%	4%
Quality of Construction		30%	30%	30%	30%	30%
Anchor Strength		—	—	—	—	—
Economic Characteristics		—	—	—	—	—
Net Property Adjustments (\$)		\$174.50	\$149.62	\$159.98	\$150.71	\$191.27
Net Property Adjustments (%)		33%	28%	30%	27%	34%
Final Adjusted Price		\$703.30	\$692.84	\$696.94	\$704.56	\$753.84
Range of Adjusted Prices		\$692.84 - \$753.84				
Average		\$710.29				
Indicated Value		\$710.00				

Value Indication

Prior to adjustment, the sales reflect a range of \$528.80 - \$548.37 per square foot. After adjustment, the range is narrowed to \$692.84 - \$753.84 per square foot, with an average of \$710.29 per square foot. To arrive at an indication of stabilized market value, we place generally equal weight on each comparable.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison	
Indicated Value per SF	\$710.00
Subject Square Feet	14,684
Rounded	\$10,430,000
Indicated Value	\$10,425,640
Rounded	\$10,430,000

Summary of Value Indications

Use of the sales comparison approach yields the following indications of stabilized market value:

Indicated Value - Sales Comparison Approach				
Property	Rentable SF	Indicated Value per SF	Indicated Value	Rounded
Retail Lot 1	15,374	\$545.00	\$8,378,830	\$8,380,000
Retail Lot 2	14,880	\$546.50	\$8,131,920	\$8,130,000
Retail Lot 3	16,608	\$542.50	\$9,009,840	\$9,010,000
Retail Lot 4	14,862	\$546.50	\$8,122,083	\$8,120,000
Retail Lot 5	14,684	\$710.00	\$10,425,640	\$10,430,000

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, only direct capitalization is used because investors in this property type typically rely more on this method.

Leased Status of Property

A rent roll showing the individual building sizes is shown below.

Rent Roll								
Tenant	SF	Lease Start	Lease Type	Income Type	Market Rent	Rent Applied	PGR Projected	PGR/SF
Retail Lot 1 (Vacant)	15,374		Triple Net	\$/SF/Yr	\$36.00	Market	\$553,464	\$36.00
Retail Lot 2 (Vacant)	14,880		Triple Net	\$/SF/Yr	\$36.00	Market	\$535,680	\$36.00
Retail Lot 3 (Vacant)	16,608		Triple Net	\$/SF/Yr	\$36.00	Market	\$597,888	\$36.00
Retail Lot 4 (Vacant)	14,862		Triple Net	\$/SF/Yr	\$36.00	Market	\$535,032	\$36.00
Retail Lot 5 (Vacant)	8,684		Triple Net	\$/SF/Yr	\$36.00	Market	\$312,624	\$36.00
Retail Lot 5 - C-Store/Gas Station (Owner)	6,000		Triple Net	\$/SF/Yr	\$70.00	Market	\$420,000	\$70.00
Total/Average*	76,408						\$2,954,688	\$38.67
Vacant SF	76,408	100%						
Leased SF	0	0%						

Based on discussions with individual developers and brokers marketing the buildings, there are numerous signed or active LOIs. However, these are not fully executed leases and can be modified and/or cancelled prior to completion. Thus, the proposed improvements are 0% preleased as of the effective appraisal date.

As discussed, Retail Buildings 1-4 will have an expected tenant mix of limited and full-service restaurants and in-line general retail among others. Retail Building 5 will feature an approximate 6,000 SF, owner-occupied convenience store/gas station with fuel canopy and six (6) double-sided pumps or 12 fueling positions. The remaining end-cap space within Retail Building 5 is assumed to be similar retail uses as Retail Buildings 1-4.

Given that the subject properties are proposed and signed LOIs, if any, are not fully executed leases and could be modified and/or cancelled prior to completion, we use market rent as a basis in our income analysis. Further, based on discussions with the individual developers and leasing brokers, there is a high level of interest in the properties, and it is highly likely that the proposed improvements would be fully leased at completion. Accordingly, we assume stabilized occupancy as of the prospective effective date (May 31, 2024) and do not apply lease-up cost deductions.

Leasing Activity

The following is a brief discussion of leasing activity at each building based on discussions with the individual developers and leasing brokers.

- **Retail Building 1** – there is one (1) signed LOI for approximately 4,200 SF at an initial rate of \$36.00/SF with 3.00% yearly increases. The developer is in discussions with multiple tenants including Hannah Law, PC (1,500 SF) and Starbucks (2,600 SF) with starting rent of \$36.00/SF. Further, they are working with a design group for a breakfast/restaurant concept that will take approximately 3,000 – 4,000 SF that will be operated in-house.
- **Retail Building 2** – there is one (1) signed LOI for a 3,000 +/- SF endcap space on a 10-year term. Lease details were not provided. Further, there is an LOI proposal out to Children’s House for approximately 6,000 SF on a 5-year term. Other active LOI negotiations include a bakery and gelato company and pizzeria.
- **Retail Building 3** – there are two (2) active LOI negotiations with two nail salons starting at \$36.00/SF on a 10-year term with TI allowance between \$35.00-\$36.00/SF. In addition, the developer is in talks with several restaurant tenants including a major local restauranter looking to open a high-end steak house. Other active discussions include Black Line Coffee, American Food and Market, Red Oak Café, Craft 96, a Japanese BBQ concept, dental group, ophthalmologist, hair salon, Café Petra-Pearland, Bahama Bucks, and Jeremiah’s Ice. We were not provided with term details on other active negotiations.
- **Retail Building 4** – the following tenant types are interested in leasing space within the building: day care use, restaurant, game center, ice cream shop, bookstore and home accessory store, specialty juice company, shoe store, art store, and secret escape room. We were not provided with term details on any active LOI negotiations. According to the developer, interest is very high for this location.
- **Retail Building 5** – is in the early stages of planning and expected to include two end-cap restaurant or retail space available. The center of the building will include an approximate 6,000 SF c-store/gas station that is expected to be run in-house.

Market Rent Analysis

To estimate market rent for the subject, the research focused on comparable rentals within the following parameters:

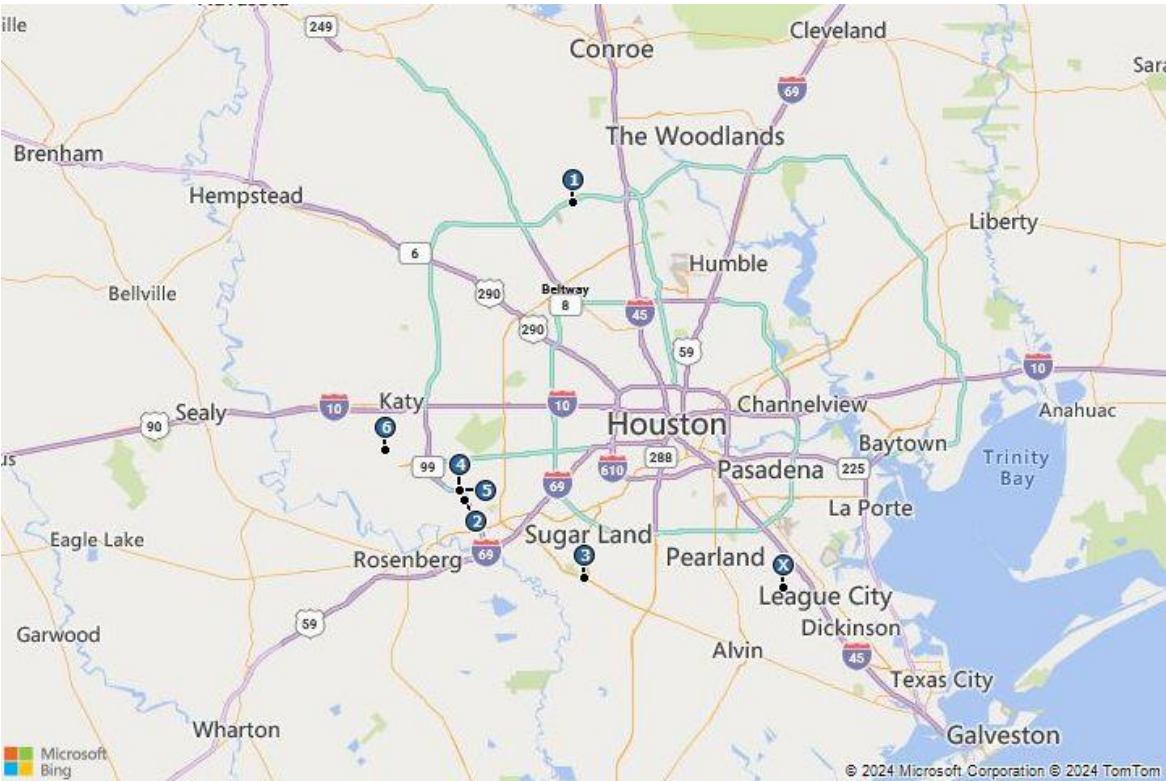
- Location: Houston-The Woodlands-Sugar Land MSA
- Property Type: Retail
- Size: Any size
- Date: Most recent available

Retail Space Rental Analysis

Comparable rentals considered most relevant to the subject's retail space are summarized in the following table.

Summary of Comparable Rentals - Retail									
No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	Shops at Grand Parkway 6941 Spring Stuebner Road Spring Harris County TX	Yr Blt. 2023 Stories: 1 GLA: 17,600 Parking Ratio: 5.5 /1,000	Nail Salon	1,500	Jun-24	60	\$34.00	Fixed Steps	Triple Net
<i>Comments: Multi-tenant strip center built in 2023 and located in Spring, Texas. Tenant signed a 60-month lease starting at \$34.00/SF triple net.</i>									
2	Harvest Green Retail Center 18802 W. Airport Boulevard Richmond Fort Bend County TX	Yr Blt. 2023 Stories: 1 GLA: 82,605 Parking Ratio: 6.8 /1,000	Russo's New York Pizzeria	2,123	Jun-24	120	\$33.00	Fixed Steps	Triple Net
<i>Comments: Part of a multi-building community shopping center known as Harvest Green built in 2023. Tenant signed a 10-year term at \$33.00/SF triple net with 5% increase in Year 6.</i>									
3	Fort Bend Town Center RC 10407 Highway 6 Missouri City Fort Bend County TX	Yr Blt. 2024 Stories: 1 GLA: 7,880 Parking Ratio: 10.7 /1,000	MOD Pizza	2,602	Feb-24	120	\$36.00	Fixed Steps	Triple Net
<i>Comments: Property is 100% occupied.</i>									
4	Western Village @ Waterview Town Center 19320 W. Bellfort Street Richmond Fort Bend County TX	Yr Blt. 2022 Stories: 1 GLA: 13,563 Parking Ratio: 6.6 /1,000	Cinnaholic	1,156	Sep-23	125	\$35.50	Fixed Steps	Triple Net
<i>Comments: Multi-tenant retail shopping center built in 2022 located in Richmond, TX. Tenant signed a 125-year lease starting at \$35.50/SF triple net.</i>									
5	Western Village @ Waterview Town Center 19320 W. Bellfort Street Richmond Fort Bend County TX	Yr Blt. 2022 Stories: 1 GLA: 13,563 Parking Ratio: 6.6 /1,000	Aloha Poke	1,600	May-23	120	\$34.00	Fixed Steps	Triple Net
<i>Comments: Multi-tenant retail shopping center built in 2022 located in Richmond, TX. Tenant signed a 10-year lease starting at \$34.00/SF triple net.</i>									
6	R/C - FM 1463 4906 FM 1463 Katy Fort Bend County TX	Yr Blt. 2020/2021 Stories: 1 GLA: 22,801 Parking Ratio: -	Woof Gang	1,937	Feb-23	123	\$34.00	Fixed Steps	Triple Net
<i>Comments: Retail shopping center that is shadow anchored by HEB.</i>									

Comparable Rentals Map





Lease 1
Shops at Grand Parkway



Lease 2
Harvest Green Retail Center



Lease 3
Fort Bend Town Center RC



Lease 4
Western Village @ Waterview Town Center



Lease 5
Western Village @ Waterview Town Center



Lease 6
R/C - FM 1463

Analysis and Adjustment of Rents - Retail

Adjustments are considered for the following factors, in the sequence shown below.

Expense Structure

All of the comparables are leased on a triple net basis and no adjustments for expense structure are necessary.

Conditions of Lease

The leases represent finished product of both the building shell and tenant improvements. No adjustments are necessary.

Market Conditions

The comparable rents were signed from February 2023 to June 2024. The rents are generally representative of current market rates as of the date signed. Most leases have annual escalations. According to Costar analytics, the subject's submarket has experienced positive rent growth of 5.02% and 1.54% over the past two years, respectively. Further, Costar projects positive rent growth of 1.48% over the next 12 months. The adjustment grid accounts for this trend with upward adjustments of 1.50% over this period through the effective date of completion.

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. All of the comparables are similar to the subject. No adjustments are necessary.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. Rents 1, 3, 4, 5 and 6 are similar to the subject and require no adjustment. Rent 2 is inferior to the subject. An upward adjustment is applied.

Space Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot, such that larger properties rent for a lower rate per square foot than smaller properties, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. All of the comparables are similar to the subject. No adjustments are necessary.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for differences in quality of construction materials and finishes between the subject and the comparables. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. Rental rates are greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each comparable rent.

Rental Adjustment Grid - Retail							
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Friendswood PID - Retail Lots 1-5	Shops at Grand Parkway	Harvest Green Retail Center	Fort Bend Town Center RC	Western Village @ Waterview Town Center	Western Village @ Waterview Town Center	R/C - FM 1463
Address	South side of FM-528, west of W. Bay Area Boulevard	6941 Spring Stuebner Road	18802 W. Airport Boulevard	10407 Highway 6	19320 W. Bellfort Street	19320 W. Bellfort Street	4906 FM 1463
City	Friendswood	Spring	Richmond	Missouri City	Richmond	Richmond	Katy
County	Harris	Harris	Fort Bend	Fort Bend	Fort Bend	Fort Bend	Fort Bend
State	TX	TX	TX	TX	TX	TX	TX
Lease Start Date		Jun-24	Jun-24	Feb-24	Sep-23	May-23	Feb-23
Lease Term (Months)		60	120	120	125	120	123
Tenant Name		Nail Salon	Russo's New York Pizzeria	MOD Pizza	Cinnaholic	Aloha Poke	Woof Gang
Leased SF		1,500	2,123	2,602	1,156	1,600	1,937
Lease Type		Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net
Year Built	2025	2023	2023	2024	2022	2022	2020/2021
Base Rent/SF/Yr		\$34.00	\$33.00	\$36.00	\$35.50	\$34.00	\$34.00
Transactional Adjustments							
Expense Structure							
\$ Adjustment		-	-	-	-	-	-
Conditions of Lease							
% Adjustment		-	-	-	-	-	-
Market Conditions	5/31/2025	Jun-24	Jun-24	Feb-24	Sep-23	May-23	Feb-23
Annual % Adjustment	1.5%	1%	1%	2%	3%	3%	3%
Cumulative Adjusted Rent		\$34.34	\$33.33	\$36.72	\$36.57	\$35.02	\$35.02
Property Adjustments							
Location		-	-	-	-	-	-
Access/Exposure		-	5%	-	-	-	-
Space Size		-	-	-	-	-	-
Effective Age/Condition		2%	2%	1%	3%	3%	5%
Quality of Construction		-	-	-	-	-	-
Anchor Strength		-	-	-	-	-	-
Economic Characteristics		-	-	-	-	-	-
Net Property Adjustments (\$)		\$0.69	\$2.33	\$0.37	\$1.10	\$1.05	\$1.75
Net Property Adjustments (%)		2%	7%	1%	3%	3%	5%
Final Adjusted Price		\$35.03	\$35.66	\$37.09	\$37.66	\$36.07	\$36.77
Range of Adjusted Rents		\$35.03 - \$37.66					
Average		\$36.38					
Indicated Rent		\$36.00					

After analysis, the overall range is \$35.03 - \$37.66 per square foot per year. We place generally equal weight on each comparable. Based on the preceding, a market rent towards the approximate middle of the range could be expected, say \$36.00 per square foot, triple net, for the subject's retail space.

C-Store/Gas Station Space Rental Analysis

Comparable rentals considered most relevant to the subject's c-store/gas station space are summarized in the following table.

Summary of Comparable Rentals - C-Store/Gas Station									
No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	7-Eleven - The Woodlands, TX 10080 Research Forest Drive The Woodlands Montgomery County TX	Yr Blt. 2023 Stories: 1 GLA: 4,872 Parking Ratio: -	7-Eleven	4,872	Nov-23	180	\$83.50	Fixed Steps	Absolute Net
<i>Comments: Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.</i>									
2	7-Eleven - Baytown, TX 5907 Garth Road Baytown Harris County TX	Yr Blt. 2022 Stories: 1 GLA: 4,842 Parking Ratio: 5.8 /1,000	7-Eleven	4,842	Oct-22	180	\$64.02	Fixed Steps	Absolute Net
<i>Comments: Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.</i>									
3	7-Eleven - Houston, TX 1211 E. Crosstimbers Street Baytown Harris County TX	Yr Blt. 2022 Stories: 1 GLA: 4,842 Parking Ratio: 9.5 /1,000	7-Eleven	4,842	Sep-22	180	\$66.02	Fixed Steps	Absolute Net
<i>Comments: Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.</i>									
4	7-Eleven - Katy, TX 23013 Clay Road Katy Harris County TX	Yr Blt. 2021 Stories: 1 GLA: 4,842 Parking Ratio: 5.8 /1,000	7-Eleven	4,842	Apr-21	180	\$59.66	Fixed Steps	Absolute Net
<i>Comments: Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 10% increases every 5 years and corporate guaranteed.</i>									



Lease 1
7-Eleven - The Woodlands, TX



Lease 2
7-Eleven - Baytown, TX



Lease 3
7-Eleven - Houston, TX



Lease 4
7-Eleven - Katy, TX

Analysis and Adjustment of Rents – C-Store/Gas Station

Adjustments are considered for the following factors, in the sequence shown below.

Expense Structure

All of the comparables are leased on a triple net basis and no adjustments for expense structure are necessary.

Conditions of Lease

The leases represent finished product of both the building shell and tenant improvements. No adjustments are necessary.

Market Conditions

The comparable rents were signed from April 2021 to November 2023. The rents are generally representative of current market rates as of the date signed. The rent comparables have escalations ranging from 7.50% to 10.00% every 5 years. According to Costar analytics, the subject's submarket has experienced positive rent growth of 5.02% and 1.54% over the past two years, respectively. Further, Costar projects positive rent growth of 1.48% over the next 12 months. The adjustment grid accounts for this trend with upward adjustments of 1.50% over this period through the effective date of completion.

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. Rents 2, 3 and 4 are similar to the subject. No adjustments are necessary. Rent 1 is adjusted downward for superior location in The Woodlands submarket.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. All of the comparables are similar to the subject. No adjustments are necessary.

Space Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot, such that larger properties rent for a lower rate per square foot than smaller properties, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. All of the comparables are smaller than the subject, and downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject is proposed to be completed in 2025. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. All of the comparables are older than the subject. Upward adjustments are applied.

Quality of Construction

This category accounts for differences in quality of construction materials and finishes between the subject and the comparables. All of the comparables are similar to the subject. No adjustments are necessary.

Anchor Strength

Retail sites benefit greatly from a strong anchored shopping center. Rental rates are greatly influenced by the additional foot traffic that a strong anchor draws to the center. All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each comparable rent.



Rental Adjustment Grid - Gas Station

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Name	Friendswood City Center - Retail 5	7-Eleven - The Woodlands, TX	7-Eleven - Baytown, TX	7-Eleven - Houston, TX	7-Eleven - Katy, TX
Address	South side of FM-528, west of W. Bay Area Boulevard	10080 Research Forest Drive	5907 Garth Road	1211 E. Crosstimbers Street	23013 Clay Road
City	Friendswood	The Woodlands	Baytown	Baytown	Katy
County	Harris	Montgomery	Harris	Harris	Harris
State	TX	TX	TX	TX	TX
Lease Start Date		Nov-23	Oct-22	Sep-22	Apr-21
Lease Term (Months)		180	180	180	180
Tenant Name		7-Eleven	7-Eleven	7-Eleven	7-Eleven
Leased SF	6,000	4,872	4,842	4,842	4,842
Lease Type		Absolute Net	Absolute Net	Absolute Net	Absolute Net
Year Built	2025	2023	2022	2022	2021
Base Rent/SF/Yr		\$83.50	\$64.02	\$66.02	\$59.66
Transactional Adjustments					
Expense Structure					
\$ Adjustment		-	-	-	-
Conditions of Lease					
% Adjustment		-	-	-	-
Market Conditions	5/31/2025	Nov-23	Oct-22	Sep-22	Apr-21
Annual % Adjustment	1.50%	2%	4%	4%	6%
Cumulative Adjusted Rent		\$85.17	\$66.58	\$68.66	\$63.24
Property Adjustments					
Location		-15%	-	-	-
Access/Exposure		-	-	-	-
Space Size		-1%	-1%	-1%	-1%
Effective Age/Condition		2%	3%	3%	4%
Quality of Construction		-	-	-	-
Anchor Strength		-	-	-	-
Net Property Adjustments (\$)		-\$11.71	\$1.48	\$1.53	\$2.04
Net Property Adjustments (%)		-14%	2%	2%	3%
Final Adjusted Price		\$73.46	\$68.06	\$70.19	\$65.28
Range of Adjusted Rents		\$65.28 - \$73.46			
Average		\$69.25			
Indicated Rent		\$70.00			

After analysis, the overall range is \$65.28 - \$73.46 per square foot per year. We place generally equal weight on each comparable. Based on the preceding, a market rent towards the approximate middle of the range could be expected, say \$70.00 per square foot, triple net, for the subject's c-store/gas station space.

Market Rent Conclusion

Based on the preceding analysis of comparable rentals, recent leases at the subject, and trends evident in the market, market lease terms for the subject are concluded as follows:

Concluded Market Lease Terms							
Space Type	SF	Market Rent	Measure	Rent Escalations	Lease Type	Lease Term (Mos.)	TI/SF Shell
Retail	70,408	\$36.00	\$/SF/Yr	3.00% annually	Triple Net	120	\$45.00
C-Store/Gas Station	6,000	\$70.00	\$/SF/Yr	10% every 5 yrs	Triple Net	120	\$45.00

Gross Income Estimate

Potential Gross Rent

Potential gross rent is based on market rents for vacant space, as shown in the following table. Income is projected for the 12-month period following the prospective date of completion.

Potential Gross Rent			
Space Type	SF	Potential Rent at Market	
		Unit Rent	Annual
<u>Retail Lot 1</u>			
Retail	15,374	\$36.00	\$553,464
Total Vacant	15,374	\$36.00	\$553,464
<u>Retail Lot 2</u>			
Retail	14,880	\$36.00	\$535,680
Total Vacant	14,880	\$36.00	\$535,680
<u>Retail Lot 3</u>			
Retail	16,608	\$36.00	\$597,888
Total Vacant	16,608	\$36.00	\$597,888
<u>Retail Lot 4</u>			
Retail	14,862	\$36.00	\$535,032
Total Vacant	14,862	\$36.00	\$535,032
<u>Retail Lot 5</u>			
Retail	8,684	\$36.00	\$312,624
C-Store/Gas Station	6,000	\$70.00	\$420,000
Total Vacant	14,684		\$732,624

¹ Potential gross rent based on market rent

¹ Potential gross rent based on market rent

Expense Recoveries

The subject properties are expected to be leased on a triple net basis with tenant's reimbursing the property owner for all operating expenses, except structural repair items. This expense structure is typical of newly built retail space in this market.

Vacancy & Collection Loss Allowance

Stabilized vacancy and collection loss is estimated at 5.0% based on the submarket vacancy rate.

Operating Expenses

We were provided with a detailed stabilized operating budget for Retail Building 1 only. To develop projections of stabilized operating expenses for each retail building, we have relied on the budget for Retail Building 1 and comparable expense data.

Operating History and Projections

	Budget - Retail Lot 1 2025	IRR Projection - Retail Lot 1	IRR Projection - Retail Lot 2	IRR Projection - Retail Lot 3	IRR Projection - Retail Lot 4	IRR Projection - Retail Lot 5
Income						
Base Rent	\$553,610	\$553,464	\$535,680	\$597,888	\$535,032	\$732,624
Expense Reimbursements	161,028	181,270	175,445	195,820	175,233	179,119
Potential Gross Income*	\$714,638	\$734,734	\$711,125	\$793,708	\$710,265	\$911,743
Vacancy & Collection Loss @ 5.0%	-\$35,732	-36,737	-35,556	-39,685	-35,513	-45,587
Effective Gross Income	\$678,906	\$697,997	\$675,569	\$754,022	\$674,752	\$866,156
Expenses						
Real Estate Taxes	\$65,406	\$84,997	\$82,266	\$91,820	\$82,167	\$81,183
Insurance	29,086	29,211	28,272	31,555	28,238	27,900
Common Area Maintenance	46,169	46,122	44,640	49,824	44,586	44,052
Management	20,367	20,940	20,267	22,621	20,243	25,985
Replacement Reserves	0	0	0	0	0	0
Total Expenses	\$161,028	\$181,270	\$175,445	\$195,820	\$175,233	\$179,119
Net Operating Income	\$517,878	\$516,727	\$500,124	\$558,203	\$499,519	\$687,037
Operating Expense Ratio**	23.7%	26.0%	26.0%	26.0%	26.0%	20.7%

*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss. Historical income is the actual income that has been collected by the property owner.

**Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

Unit expense data for the individual Retail Buildings and comparable properties are summarized in the following table.

Expense Analysis per Square Foot

	Comp Data					Subject					
	Comp 1 2021	Comp 2 2022	Comp 3 2023	Comp 4 2023	Comp 5 2021	2025	2025	Projected Expenses		2025	2025
Year Built											
SF	27,460	13,563	6,788	17,600	96,333	15,374	15,374	14,880	16,608	14,862	14,684
Prevailing Lease Type	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net	Triple Net
Budget -											
Operating Data Type	Stabilized	In Place	In Place	Stabilized	In Place	Retail Lot 1	IRR Proj -	IRR Proj -	IRR Proj -	IRR Proj -	IRR Proj -
Year	2024	2024	2024	2024	2023	2025	Retail Lot 1	Retail Lot 2	Retail Lot 3	Retail Lot 4	Retail Lot 5
Real Estate Taxes	\$5.62	\$5.77	\$3.30	\$4.26	\$4.90	\$4.25	\$5.53	\$5.53	\$5.53	\$5.53	\$5.53
Insurance	\$0.70	\$0.82	\$2.25	\$1.47	\$0.77	\$1.89	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90
Common Area Maintenance	\$1.65	\$4.81	\$3.95	\$1.41	\$5.27	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
General/Administrative	\$0.00	\$0.00	\$0.00	\$0.00	\$0.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Management	\$0.77	\$1.92	\$0.74	\$0.85	\$0.27	\$1.32	\$1.36	\$1.36	\$1.36	\$1.36	\$1.77
Replacement Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$8.74	\$13.32	\$10.24	\$8.00	\$11.49	\$10.47	\$11.79	\$11.79	\$11.79	\$11.79	\$12.20
Operating Expense Ratio	27.4%	27.8%	17.0%	22.4%	27.4%	23.7%	26.0%	26.0%	26.0%	26.0%	20.7%

Operating Expense Analysis by Category

Discussions of our operating expense projections are presented in the following paragraphs.

Real Estate Taxes

This expense category includes all local, county, and state property tax levies. Our projection is based on the projected property assessment and current tax rate for the subject, as discussed previously in the Real Estate Tax Analysis.

Real Estate Taxes Expense											
	Comp 1 2024	Comp 2 2024	Comp 3 2024	Comp 4 2024	Comp 5 2023	Budget - Retail Lot 1	IRR Proj - Retail Lot 1	IRR Proj - Retail Lot 2	IRR Proj - Retail Lot 3	IRR Proj - Retail Lot 4	IRR Proj - Retail Lot 5
Total	—	—	—	—	—	\$65,406	\$84,997	\$82,266	\$91,820	\$82,167	\$81,183
% of EGI	17.6%	12.1%	5.5%	11.9%	11.7%	9.6%	12.2%	12.2%	12.2%	12.2%	9.4%
\$/SF	\$5.62	\$5.77	\$3.30	\$4.26	\$4.90	\$4.25	\$5.53	\$5.53	\$5.53	\$5.53	\$5.53

Insurance

Insurance expense includes property and casualty insurance for the subject. Our projection is consistent with the subject's budget and comparable data.

Insurance Expense											
	Comp 1 2024	Comp 2 2024	Comp 3 2024	Comp 4 2024	Comp 5 2023	Budget - Retail Lot 1	IRR Proj - Retail Lot 1	IRR Proj - Retail Lot 2	IRR Proj - Retail Lot 3	IRR Proj - Retail Lot 4	IRR Proj - Retail Lot 5
Total	—	—	—	—	—	\$29,086	\$29,211	\$28,272	\$31,555	\$28,238	\$27,900
% of EGI	2.2%	1.7%	3.7%	4.1%	1.8%	4.3%	4.2%	4.2%	4.2%	4.2%	3.2%
\$/SF	\$0.70	\$0.82	\$2.25	\$1.47	\$0.77	\$1.89	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90

Common Area Maintenance

This category includes expenditures for building and parking lot maintenance, common area utilities, trash removal, landscaping maintenance, and security, if applicable. Our projection is consistent with the subject's budget and comparable data.

Common Area Maintenance Expense											
	Comp 1 2024	Comp 2 2024	Comp 3 2024	Comp 4 2024	Comp 5 2023	Budget - Retail Lot 1	IRR Proj - Retail Lot 1	IRR Proj - Retail Lot 2	IRR Proj - Retail Lot 3	IRR Proj - Retail Lot 4	IRR Proj - Retail Lot 5
Total	—	—	—	—	—	\$46,169	\$46,122	\$44,640	\$49,824	\$44,586	\$44,052
% of EGI	5.2%	10.0%	6.6%	4.0%	12.6%	6.8%	6.6%	6.6%	6.6%	6.6%	5.1%
\$/SF	\$1.65	\$4.81	\$3.95	\$1.41	\$5.27	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00

General/Administrative

General and administrative expenses consist of payroll and benefits expenses for on-site management staff and related office expenses. Also included are legal, accounting and other professional fees, license fees, and business taxes. The subject's budget did not provide an estimate of general/administrative costs. These costs, if any, are considered to be part of management and we do not estimate general/admin costs in our analysis.

Management

Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner. Typical management fees for properties of this type range from 2.0% to 4.0%. Considering that the subject is a multi-tenant property with typical management needs, we project an overall management fee of 3.0% of effective gross income.

Management Expense											
	Comp 1 2024	Comp 2 2024	Comp 3 2024	Comp 4 2024	Comp 5 2023	Budget - Retail Lot 1	IRR Proj - Retail Lot 1	IRR Proj - Retail Lot 2	IRR Proj - Retail Lot 3	IRR Proj - Retail Lot 4	IRR Proj - Retail Lot 5
Total	—	—	—	—	—	\$20,367	\$20,940	\$20,267	\$22,621	\$20,243	\$25,985
% of EGI	2.4%	4.0%	1.2%	2.4%	0.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
\$/SF	\$0.77	\$1.92	\$0.74	\$0.85	\$0.27	\$1.32	\$1.36	\$1.36	\$1.36	\$1.36	\$1.77

Replacement Reserves

For the subject property type and local market, it is customary to include replacement reserves as an expense line item in developing an estimate of net operating income. Replacement reserves are estimated to account for replacement costs of certain capital items, such as the roof and HVAC system. Given the subject represents proposed construction, we do not account for replacement reserves in our analysis.

Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is estimated as shown in the following table.

Projection of Net Operating Income											
		IRR Proj - Lot 1		IRR Proj - Lot 2		IRR Proj - Lot 3		IRR Proj - Lot 4		IRR Proj - Lot 5	
		Annual	\$/SF Bldg.	Annual	\$/SF Bldg.	Annual	\$/SF Bldg.	Annual	\$/SF Bldg.	Annual	\$/SF Bldg.
Income											
Potential Gross Rent		\$553,464	\$36.00	\$535,680	\$36.00	\$597,888	\$36.00	\$535,032	\$36.00	\$732,624	\$49.89
Expense Reimbursements		\$181,270	\$11.79	\$175,445	\$11.79	\$195,820	\$11.79	\$175,233	\$11.79	\$179,119	\$12.20
Potential Gross Income		\$734,734	\$47.79	\$711,125	\$47.79	\$793,708	\$47.79	\$710,265	\$47.79	\$911,743	\$62.09
Vacancy & Collection Loss	5.00%	-\$36,737	-\$2.39	-\$35,556	-\$2.39	-\$39,685	-\$2.39	-\$35,513	-\$2.39	-\$45,587	-\$3.10
Effective Gross Income		\$697,997	\$45.40	\$675,569	\$45.40	\$754,022	\$45.40	\$674,752	\$45.40	\$866,156	\$58.99
Expenses											
Real Estate Taxes		\$84,997	\$5.53	\$82,266	\$5.53	\$91,820	\$5.53	\$82,167	\$5.53	\$81,183	\$5.53
Insurance		\$29,211	\$1.90	\$28,272	\$1.90	\$31,555	\$1.90	\$28,238	\$1.90	\$27,900	\$1.90
Common Area Maintenance		\$46,122	\$3.00	\$44,640	\$3.00	\$49,824	\$3.00	\$44,586	\$3.00	\$44,052	\$3.00
Management	3.00%	\$20,940	\$1.36	\$20,267	\$1.36	\$22,621	\$1.36	\$20,243	\$1.36	\$25,985	\$1.77
Total Expenses		\$181,270	\$11.79	\$175,445	\$11.79	\$195,820	\$11.79	\$175,233	\$11.79	\$179,119	\$12.20
Net Operating Income		\$516,727	\$33.61	\$500,124	\$33.61	\$558,203	\$33.61	\$499,519	\$33.61	\$687,037	\$46.79

Capitalization Rate Selection

A capitalization rate is used to convert a single year's estimated net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables							
No.	Property Name	Year Built	Sale Date	Gross Leasable Area	% Occup.	Price/SF	Cap Rate
1	R/C - Katy Green	2017	11/14/2023	15,176	100%	\$528.80	6.75%
2	Citadel Retail Center	2022	10/10/2023	6,500	100%	\$543.21	6.00%
3	Woodson's Reserve	2022	9/26/2023	9,875	100%	\$531.65	6.00%
4	Plazas at Spring Green	2022	7/18/2023	6,000	100%	\$548.37	5.81%
5	R/C - Reading Rd	2021	1/5/2022	16,270	100%	\$540.93	5.75%
Indicated Cap Rate Range:						5.75% - 6.75%	
Average (Mean) Cap Rate:						6.06%	

The sales comparables represent newly built multitenant shopping center properties that were 100% leased at time of sale. The sales yield a relatively narrow capitalization rate range of 5.75% - 6.75%, with an average of 6.06%. Current market sentiment is that capitalization rates have risen over the last 12-18 months with the rise in interest rates and tighter lending requirements. Based on the preceding, a capitalization rate slightly above the middle of the range could be expected, say 6.25%.

National Investor Surveys

Data pertaining to investment grade properties from the PwC, ACLI, and Viewpoint surveys are summarized in the exhibits that follow.

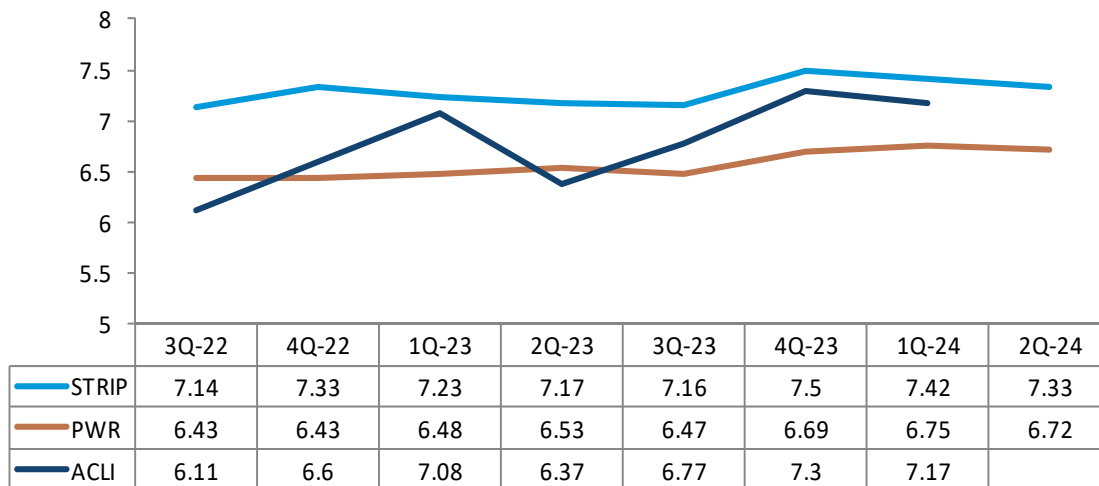
Capitalization Rate Surveys – Retail Properties

	IRR-ViewPoint Natl Regional Mall	IRR-ViewPoint Natl Neighborhood Retail	IRR-ViewPoint Natl Community Retail Center	PwC 2Q-24 National Strip Shopping Center	PwC 2Q-24 National Power Center	ACLI 1Q-24 National Retail
Range	6.25% - 10.00%	5.20% - 9.00%	5.50% - 8.75%	5.50% - 10.00%	5.50% - 7.75%	NA
Average	7.81%	7.23%	7.23%	7.33%	6.72%	7.17%

Source: IRR-Viewpoint 2024; PwC Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

The most recent national survey data indicates that a going-in capitalization rate for the national strip shopping center property type ranges from 5.50% - 10.00%, and averages 7.33%. This represents a 9-basis point decrease from the previous quarter and a 16-basis point increase from the prior year. We would expect the rate appropriate to the subject to be towards the lower end of the range given the proposed construction, quality, and location within a mixed-use development.

Retail Capitalization Rate Trends



STRIP - PwC Real Estate Investor Survey - National Strip Shopping Center Market

PWR - PwC Real Estate Investor Survey - National Power Center Market

ACLI - American Council of Life Insurers Investment Bulletin - Retail Properties

Capitalization Rate Conclusion

To conclude a capitalization rate, the following investment risk factors are considered to determine an impact on the appropriate rate. The direction of each arrow in the following table indicates a judgment of an upward, downward, or neutral impact of each factor.

Capitalization Rate Risk Factors		
Factor	Issues	Impact on Rate
Income Characteristics	Rollover risk, escalation pattern, above/below market rents, major tenant credit strength	↔
Competitive Market Position	Construction quality, market appeal, age/condition, functional utility	↓
Location	Market area demographics and life cycle trends; proximity issues; access and support services	↔
Market	Vacancy rates and trends; rental rate trends; supply and demand	↓
Highest and Best Use	Upside potential from redevelopment, adaptation, and/or expansion	↔
Overall Impact		↔

Accordingly, the capitalization rate is concluded as follows:

Capitalization Rate Conclusion

Method	Capitalization Rate Indication
Analysis of Comparable Sales	5.75% - 6.75% (6.06% avg)
National Investor Surveys	5.50% - 10.00% (7.33% avg)
Conclusion	6.25%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the individual Retail Buildings. Valuation of the subject by direct capitalization is shown in the table immediately following.

Direct Capitalization

	IRR Projection - Retail Lot 1	IRR Projection - Retail Lot 2	IRR Projection - Retail Lot 3	IRR Projection - Retail Lot 4	IRR Projection - Retail Lot 5
Effective Gross Income	\$697,997	\$675,569	\$754,022	\$674,752	\$866,156
Expenses	\$181,270	\$175,445	\$195,820	\$175,233	\$179,119
Net Operating Income	\$516,727	\$500,124	\$558,203	\$499,519	\$687,037
Capitalization Rate	6.25%	6.25%	6.25%	6.25%	6.25%
Indicated Value	\$8,267,637	\$8,001,980	\$8,931,242	\$7,992,300	\$10,992,590
Rounded	\$8,270,000	\$8,000,000	\$8,930,000	\$7,990,000	\$10,990,000

Reconciliation and Conclusion of Value

As discussed previously, only the sales comparison approach is used to develop an opinion of value for the subject's 12 lots while both the sales comparison approach and income approaches are considered applicable were utilized for the five proposed buildings. The retail values indicated by the preceding analyses are as follows:

Summary of Value Indications					
	Prospective Market Value As Stabilized - Retail Lot 1	Prospective Market Value As Stabilized - Retail Lot 2	Prospective Market Value As Stabilized - Retail Lot 3	Prospective Market Value As Stabilized - Retail Lot 4	Prospective Market Value As Stabilized - Retail Lot 5
Cost Approach	Not Used	Not Used	Not Used	Not Used	Not Used
Sales Comparison Approach	\$8,380,000	\$8,130,000	\$9,010,000	\$8,120,000	\$10,430,000
Income Capitalization Approach	\$8,270,000	\$8,000,000	\$8,930,000	\$7,990,000	\$10,990,000
Reconciled	\$8,330,000	\$8,070,000	\$8,970,000	\$8,060,000	\$10,710,000

Based upon the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, the opinions of value are presented as follows:

Value Conclusions			
Parcel/Building Name	Interest Appraised	Date of Value	Value Conclusion
Lot 1	Fee Simple	July 5, 2024	\$1,450,000
Lot 2	Fee Simple	July 5, 2024	\$1,280,000
Lot 3	Fee Simple	July 5, 2024	\$1,440,000
Lot 4	Fee Simple	July 5, 2024	\$1,390,000
Lot 5	Fee Simple	July 5, 2024	\$1,270,000
Lot 6	Fee Simple	May 31, 2025	\$3,050,000
Lot 7	Fee Simple	May 31, 2025	\$2,720,000
Lot 8	Fee Simple	May 31, 2025	\$2,090,000
Lot 9	Fee Simple	May 31, 2025	\$3,080,000
Lot 10	Fee Simple	May 31, 2025	\$2,890,000
Lot 11	Fee Simple	May 31, 2025	\$1,240,000
Lot 12	Fee Simple	May 31, 2025	\$16,020,000
Building 1	Leased Fee	May 31, 2025	\$8,330,000
Building 2	Leased Fee	May 31, 2025	\$8,070,000
Building 3	Leased Fee	May 31, 2025	\$8,970,000
Building 4	Leased Fee	May 31, 2025	\$8,060,000
Building 5	Leased Fee	May 31, 2025	\$10,710,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, building sizes, building quality, dates of completion and other pertinent data that was provided by Boundary One (surveyors), WGA (Consulting Engineers), Madison Development Corporation, LLC (developer/owner), the city of Friendswood, and the Harris Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 31, 2025, the effective appraisal date.
4. It is noted that portions of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process.
5. Our opinion of prospective market value at completion assumes that the proposed improvements will be complete and stabilized as of May 31, 2025, the effective appraisal date.
6. Our opinion of prospective market value at completion assumes that all Phase 1 infrastructure will be complete in accordance with plans and specifications as of May 31, 2025, while Phase 2 infrastructure will be complete in accordance with plans and specifications as of October 31, 2026.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from the stated estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, these opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, the assignment participants are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on review of recent sales transactions for similar properties and analysis of supply and demand in the local land and proposed retail buildings market, the probable exposure time for the subject at the concluded market values stated previously is 9 - 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As no significant changes in market conditions are foreseen in the near term, a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, the subject's marketing period is estimated at 9 - 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Ernest Gatewood has made a personal inspection of the property that is the subject of this report. Jimmy H. Jackson, MAI has not personally inspected the subject. Stephen M. Lechtenberg has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Jimmy H. Jackson, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.
15. As of the date of this report, Ernest Gatewood and Stephen M. Lechtenberg has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



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Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Dallas, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. **IRR - Dallas is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Dallas. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Dallas is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, building sizes, building quality, dates of completion and other pertinent data that was provided by Boundary One (surveyors), WGA (Consulting Engineers), Madison Development Corporation, LLC (developer/owner), the city of Friendswood, and the Harris Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinions of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of May 31, 2025, the effective appraisal date.
4. It is noted that portions of Lots 6-12 are currently located within a flood zone. We specifically assume that they will be elevated out of the flood zone as part of the development process.
5. Our opinion of prospective market value at completion assumes that the proposed improvements will be complete and stabilized as of May 31, 2025, the effective appraisal date.
6. Our opinion of prospective market value at completion assumes that all Phase 1 infrastructure will be complete in accordance with plans and specifications as of May 31, 2025, while Phase 2 infrastructure will be complete in accordance with plans and specifications as of October 31, 2026.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Jimmy H. Jackson, MAI

Experience

Senior Managing Director with the Dallas, Lubbock/West Texas and Oklahoma City offices of Integra Realty Resources, a full-service real estate consulting and appraisal firm.

Jimmy H. Jackson, MAI has over 38 years of experience as a commercial appraiser as well as years of experience as a seasoned real estate investor. Prior to joining Integra Realty Resources, Jackson was one of the original two founding partners of Jackson Claborn, Inc. (JCI), a real estate consulting/valuation firm that was established in 1992. JCI grew to have one of the largest staffs of commercial and residential appraisers in the Southwest and has performed valuation and consulting on a vast number of commercial property types across Texas as well as the United States. Mr. Jackson holds the MAI designation and has been involved in the analysis of virtually all types of commercial and residential properties. Mr. Jackson has experience in state and federal courts as an expert witness. Testimony has involved such varied issues as bankruptcy, taxation and condemnation. Mr. Jackson has also been involved in numerous real estate developments and personal real estate investments.

A major philanthropic achievement for Mr. Jackson was consulting with and influencing family members to provide the start-up expertise as well as the seed funding in 1994 for the formation of The Parent Project for Muscular Dystrophy/PPMD (www.parentprojectmd.org). The PPMD organization has developed into a worldwide non-profit centered to provide research funds for children suffering from Duchenne Muscular Dystrophy. Since inception, the PPMD organization has directly funded more than \$50 million in direct research and assisted and helped leverage more than \$500 million of other research related to other genetic diseases through government grants and other private funding sources. In 2008, Mr. Jackson received a Humanitarian Award from Texas Gov. Rick Perry for charitable work associated with National Jewish Hospital/NJH in Denver. Mr. Jackson currently serves as a national trustee for NJH which is the #1 respiratory care hospital in the world.

Mr. Jackson graduated from Texas Tech University in 1984 with a B.B.A. in Finance with a Real Estate Emphasis. Mr. Jackson has served on numerous professional boards, including serving on the Ethics and Counseling Panel of the North Texas Chapter of the Appraisal Institute as well as serving on the Board of Directors as well as being Chair and Co-Chair of the Public Relations Committee.

As a college student, Mr. Jackson was a member of Phi Delta Theta social fraternity and the Texas Tech Finance Association. Mr. Jackson served for eight (8) years on the Advisory Board for the Jerry Rawls College of Business Administration (COBA) at Texas Tech University. Mr. Jackson has also served as a guest lecturer on real estate entrepreneurship to upper-level COBA students at Texas Tech over the years.

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Jimmy H. Jackson, MAI

Experience (Cont'd)

Basic Core Real Estate Appraisal Services

Feasibility Studies, Absorption Studies & Demographic Studies
Highest & Best Use Studies for All Property Types
3rd Party Appraisal Reviews
Detrimental Conditions Valuation & Consulting
Encroachment Analysis
Land Use Studies & Planning/Zoning Studies
Litigation/Litigation Support
In-Depth Market Analysis for All Property Types
Tax Assessment & Mass Appraisal Analysis
Fair & Equitable Appraisal Analysis
Right of Way Analysis Appraisals
Mediation, Arbitration, & Dispute Resolution
Portfolio Valuation & Analysis
Retrospective Valuation Opinions

Appraisal of all property types including the following:

Residential

High-Rise Condominium and Garden-Style Multi-Family and Townhome Projects
High-End Residential Property
Historical Residential Property
All types of Single-Family Appraisals (Conventional, Relocation, Unique / Historical Property)

Land

Acreage (Commercial Mixed-Use)
Subdivided Land (Mixed-Use, Commercial and Industrial)
Standard Single-Family Subdivision Lot development appraisals
PID/MUD Single-Family Subdivision Lot development appraisals

Commercial, Office & Retail

Branch Banks / Financial Building
Convenience Stores / Service Stations
Convention Center / Hotel / Resort /Motel
Office Building (High Rise, over three stories)
Office Building (Low Rise, three stories or less)
Parking Facility (Lot or Garage)
Retail (Single Tenant or Free Standing)
Shopping Center (Local, Strip, Neighborhood, Community, Etc.)
Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.)
Shopping Center (Super Regional, Regional Mall)

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Jimmy H. Jackson, MAI

Experience (Cont'd)

Industrial

Industrial (Heavy (Manufacturing)
Industrial (Small Office Warehouse / Mfg.)
Industrial Light (Distribution, Storage)

Special Purpose

Automobile Dealerships
Church Facilities
Collegiate Student Housing
Self-Serve and Full-Service Car Wash Facilities
Self-Storage Facilities

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324004 G, Expires November 2024
Oklahoma, Certified General Real Estate Appraiser, 13279CGA, Expires September 2026
New Mexico, Certified General Real Estate Appraiser, 03819-G, Expires April 2025

Education

Mr. Jackson is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance with a Real Estate Emphasis.

Miscellaneous

Member of Region 8 Ethics and Counseling Regional Panel (1992-1995)
Chair - Public Relations North Texas Chapter (2003, 2004)
Co-Chair - Public Relations North Texas Chapter (2005)
Board Member - North Texas Chapter (2005-2007)

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Friendswood City Center Public Improvement District





Ernest Gatewood

Experience

Senior Director PID/MUD/SF Lot Development Valuation Specialist with the Dallas office of Integra Realty Resources DFW, a full-service real estate consulting and appraisal firm.

Mr. Gatewood has been in the appraisal field for over 40 years. This extensive experience has formed knowledge of the Texas real estate market as well as select areas throughout the entire United States. This experience has formed an understanding of the dynamics of market forces in both increasing, as well as declining markets. Mr. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Mr. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, Texas as well as Stonebridge Ranch in McKinney, Texas. In 1991, Mr. Gatewood joined Heartland (Seattle, Washington) as Acquisitions Director for Texas. In this role, Mr. Gatewood was key to the development of several single-family subdivisions, a property type which he still specializes into this day. From 1992 until 2017, Mr. Gatewood represented Jackson Claborn, Inc. as the Vice President of the Commercial Division where he has helped manage the production of the commercial appraisal practice which has enhanced JCI's strong commitment to client services.

Mr. Gatewood has experience in appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights of way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, convenience stores, and single-family subdivision analyses.

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324355 G, Expires December 2024
Texas, Licensed Real Estate Salesman, 277705, Expires December 2025

Education

Richland Junior College, Dallas, Texas
The University of North Texas, Denton, Texas

Miscellaneous

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Stephen M. Lechtenberg

Experience

Senior Director with the Dallas office of Integra Realty Resources DFW, a full-service real estate consulting and appraisal firm.

Mr. Lechtenberg has more than 12 years of appraisal experience beginning with American Appraisal Associates followed by Jackson Claborn, Inc. before joining Integra. He graduated from Texas Tech University in 2009 with a Bachelor of Business Administration in Finance.

He has experience appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights-of-way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, and convenience stores.

Licenses

Texas, Certified General Real Estate Appraiser, TX 1380354 G, Expires August 2024

Oklahoma, Certified General Real Estate Appraiser, 13416CGA, Expires July 2025

New Mexico, Certified General Real Estate Appraiser, REA23047-G, Expires April 2026

Education

Mr. Lechtenberg is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance (2009).

Appraisal Institute Courses:

Basic Appraisal Procedures and Procedures (2010)
General Appraiser Site Valuation & Cost Approach (2010)
General Appraiser Income Approach 1 & 2 (2011)
Business Practices and Ethics (2012)
General Appraiser Sales Comparison Approach (2012)
Real Estate Finance Statistics & Valuation Modeling (2013)
General Appraiser Report Writing and Case Studies (2014)
Overview of Real Estate Appraisal Principles (2014)
The Discounted Cash Flow Model: Concepts, Issues, and Apps (2014)
Rates and Ratios: Making Sense of GIMs, OARs, and DCF (2014)
Golf Course Property Valuation (2014)
Advanced Income Capitalization (2018)
Advanced Market Analysis & Highest and Best Use (2019)
Advanced Concepts & Case Studies (2022)

Other Appraisal Related Courses:

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Stephen M. Lechtenberg

Education (Cont'd)

USPAP

General Appraisal Market Analysis & Highest and Best Use (2013)

Commercial Appraisal Review Subject Matter Elective (2013)

Residential Site Valuation and Cost Approach (2013)

Statistics, Modeling and Finance (2014)

Appraisal of Land Subject to Ground Leases (2016)

Appraisal of Owner Occupied Commercial Buildings (2016)

The Sales Comparison Approach (2016)

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Certified General Real Estate Appraiser

Appraiser: **Stephen Michael Lechtenberg**

License #: **TX 1380354 G**

License Expires: **08/31/2024**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Commissioner

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

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Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analysis, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovation change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Definition of Aggregate of Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Sale

The sale of multiple parcels of real estate to one buyer in one transaction. A bulk sale may include dissimilar properties in different locations or a group of lots or units in the same project. Typically, the bulk sale price is less than the sum of the values of the individual parcels.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Development Procedure

In land valuation, a technique for valuing undeveloped acreage that involves discounting the cost of development and the probable proceeds from the sale of developed sites.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Subdivision Development Method

A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Allocation

1) The process of separating the contributory value of a component or part of an asset from the total value of the asset. 2) A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed."

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Extraction

1) A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land. 2) A method of deriving capitalization rates from property sales when sale price and net operating income are known.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Residual

The quantity left over; in appraising, a term used to describe the result of an appraisal procedure in which known components of value are accounted for, thus solving for the quantity that is left over, such as land residual or building residual.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Addendum D

Property Information

Tax Data

HARRIS CENTRAL APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
043215000190

Tax Year: 2024



Owner and Property Information								
Owner Name & Mailing Address: MADISON DEVELOPMENT CORP LLC F BELLAIRE TX 77401-				Legal Description: TR5 B 9 10 10A 11 14 & 15 ABST 5-49 S MCKISSICK 3001 E FM 528 RD FRIENDSWOOD TX 77546				
State Class Code	Land Use Code	Land Area	Total Living Area	Neighborhood	Neighborhood Group	Market Area	Map Facet	Key Map AB
A1 -- Real, Residential, Single-Family	2001 -- Residential Improved	4,172.263 SF	2,640 SF	3034	27001	410 -- ISD 27 - West of NAGA Parkway (I-45 Area)	5047B	657F

Value Status Information		
Value Status	Notice Date	Shared CAD
Noticed	04/19/2024	Yes

Exemptions and Jurisdictions						
Exemption Type	Districts	Jurisdictions	Exemption Value	APR Status	2023 Rate	2024 Rate
None	027	CLEAR CREEK ISD		Not Certified	0.974600	
	040	HARRIS COUNTY		Not Certified	0.350070	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.031050	
	042	PORT OF HOUSTON AUTH		Not Certified	0.005740	
	043	HARRIS CO HOSP DIST		Not Certified	0.143430	
	044	HARRIS CO EDUC DEPT		Not Certified	0.004800	
	058	CITY OF FRIENDSWOOD		Not Certified	0.500728	
	A43	TIR 2.1 CITY OF FRIENDSWOOD (058)		Not Certified		

Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at HCAD's information center at 13013 NW Freeway.

Valuations			
Value as of January 1, 2023		Value as of January 1, 2024	
	Market		Appraised
Land	629,669	Land	625,840
Improvement	62,683	Improvement	66,422
Total	692,352	Total	692,262

Land										
Market Value Land										
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price
1	2001 -- Res Improved Override	AC6	AC	95.7820	1.00	1.00	1.00	--	1.00	6,534.00
										6,534.00
										625,840.00

Building						
Building	Year Built	Type	Style	Quality	Impr Sq Ft	Building Details
1	1970	Residential Single Family	Residential 1 Family	Average	1,600 *	Displayed
2	1970	Residential Single Family	Residential 1 Family	Average	1,040 *	View

* All HCAD residential building measurements are done from the exterior, with individual measurements rounded to the closest foot. This measurement includes all closet space, hallways, and interior staircases. Attached garages are not included in the square footage of living area, but valued separately. Living area above detached garages is included in the square footage living area of the dwelling. Living area above detached garages is not included in the square footage living area of the dwelling but is valued separately. This method is used on all residential properties in Harris County to ensure the uniformity of square footage of living area measurements district-wide. There can be a reasonable variance between the HCAD square footage and your square footage measurement, especially if your square footage measurement was an interior measurement or an exterior measurement to the inch.

Building Data	
Element	Detail
Cond / Desir / USI	Unsound
Foundation Type	Slab
Grade Adjustment	C
Heating / AC	Central Heat/AC
Physical Condition	Unsound
Exterior Wall	Brick / Veneer
Element	Units
Room: Total	7
Room: Rec	1
Room: Full Bath	2
Room: Bedroom	3

Building Details (1)

Building Areas	
Description	Area
BASE AREA PRJ	1,600
OPEN FRAME PORCH PRJ	24
OPEN FRAME PORCH PRJ	320
WOOD DECK PRJ	210

Extra Features					
Line	Description	Quality	Condition	Units	Year Built
1	4 Side closed Metal Pole Barn	Poor	Unsound	840.00	1970
2	Carport - Residential	Poor	Unsound	420.00	1977
3	Canopy - Residential	Poor	Unsound	660.00	1977
4	Frame Utility Shed	Poor	Unsound	256.00	1977
5	Frame Utility Shed	Poor	Unsound	704.00	1977
6	Carport - Residential	Poor	Unsound	224.00	1970
7	Frame Utility Shed	Poor	Unsound	140.00	1970



HARRIS CENTRAL APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
1413970000001

Tax Year: 2024

[Print](#)

Owner and Property Information										
Owner Name & Mailing Address: MADISON DEVELOPMENT CORP LLC 5404 PINE ST BELLAIRE TX 77401-4707				Legal Description: RES A CLEAR CREEK COMMUNITY CHURCH OF FRIENDSWOOD						
				Property Address: 3680 FM 528 RD FRIENDSWOOD TX 77546						
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map ^{A/B}
C2 -- Real, Vacant Commercial	8004 -- Land Neighborhood Section 4		0	131,551 SF	0	0	9930.02	410 -- ISD 27 - West of NASA Parkway (1-45 Area)	5847B	657F

Value Status Information		
Value Status	Notice Date	Shared CAD
Noticed	04/19/2024	No

Exemptions and Jurisdictions							
Exemption Type	Districts	Jurisdictions	Exemption Value	APR Status	2023 Rate	2024 Rate	
None	027	CLEAR CREEK ISD		Not Certified	0.974600		
	040	HARRIS COUNTY		Not Certified	0.350070		
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.031050		
	043	PORT OF HOUSTON AUTH		Not Certified	0.005740		
	043	HARRIS CO HOSP DIST		Not Certified	0.143430		
	044	HARRIS CO EDUC DEPT		Not Certified	0.004800		
	058	CITY OF FRIENDSWOOD		Not Certified	0.500728		
	A43	TIRZ I CITY OF FRIENDSWOOD (058)		Not Certified			
Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at HCAD's information center at 13013 NW Freeway.							

Valuations			
Value as of January 1, 2023		Value as of January 1, 2024	
	Market	Appraised	
Land	437,341		Land 437,341
Improvement	0		Improvement 0
Total	437,341	437,341	Total 437,341

Land												
Market Value Land												
Line	Description	Site Code	Unit Type	Units	Site Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Total Adj	Unit Price	Adj Unit Price	Value
1	8004 -- Land Neighborhood Section 4	4300	SF	101,930	1.00	1.00	1.00	---	1.00	-4.00	4.00	407,720.00
2	8004 -- Land Neighborhood Section 4	4300	SF	29,621	1.00	1.00	0.25	Restr or Non-Conf	0.25	-4.00	1.00	29,621.00

Building
Vacant (No Building Data)

HARRIS CENTRAL APPRAISAL DISTRICT
REAL PROPERTY ACCOUNT INFORMATION
1413970000003

Tax Year: 2024



Owner Name & Mailing Address: MADISON DEVELOPMENT CORP LLC 5404 PINE ST BELLAIRE TX 77401-4707				Owner and Property Information						
				Legal Description: RES C (DETENTION/DRAINAGE) CLEAR CREEK COMMUNITY CHURCH OF FRIENDSWOOD						
				Property Address: 0 FM 528 RD FRIENDSWOOD TX 77546						
State Class Code	Land Use Code	Building Class	Total Units	Land Area	Building Area	Net Rentable Area	Neighborhood	Market Area	Map Facet	Key Map A/B
C2 -- Real, vacant Commercial	8004 -- Land Neighborhood Section 4		0	334,105 SF	0	0	9930.02	410 -- ISD 27 - West of NASA Parkway (1-45 Area)	5847B	657F

Value Status Information		
Value Status	Notice Date	Shared CAD
Noted	04/19/2024	No

Exemptions and Jurisdictions						
Exemption Type	Districts	Jurisdictions	Exemption Value	ARE Status	2023 Rate	2024 Rate
None	027	CLEAR CREEK ISD		Not Certified	0.974600	
	040	HARRIS COUNTY		Not Certified	0.350070	
	041	HARRIS CO FLOOD CNTRL		Not Certified	0.031050	
	042	PORT OF HOUSTON AUTH		Not Certified	0.005740	
	043	HARRIS CO HOSP DIST		Not Certified	0.143430	
	044	HARRIS CO EDUC DEPT		Not Certified	0.004800	
	058	CITY OF FRIENDSWOOD		Not Certified	0.500725	
	A43	TIRZ 1 CITY OF FRIENDSWOOD (058)		Not Certified		
Texas law prohibits us from displaying residential photographs, sketches, floor plans, or information indicating the age of a property owner on our website. You can inspect this information or get a copy at HCAD's information center at 13013 NW Freeway.						

Valuations			
Value as of January 1, 2023		Value as of January 1, 2024	
Land	Market 651,178	Appraised 651,178	Land Market 651,178
Improvement	0	Improvement 0	Improvement 0
Total	651,178	Total 651,178	Total 651,178

Land									
Market Value Land									
Line	Description	Site Code	Unit Type	Units	Size Factor	Site Factor	Appr O/R Factor	Appr O/R Reason	Value
1	8004 -- Land Neighborhood Section 4	4300	SF	44,891	1.00	1.00	1.00	---	179,564.00
2	8004 -- Land Neighborhood Section 4	4300	SF	152,000	1.00	1.00	0.55	Floodway	334,400.00
3	8004 -- Land Neighborhood Section 4	4500	SF	137,214	1.00	0.25	1.00	Restr or Non-Conf	137,214.00

Building
Vacant (No Building Data)



Legal Description (s)

METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 106.472 acres (4,637,900 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being all of a called 106.472 acre tract of land conveyed to Madison Development Corp., LLC as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. RP-2023-65754; said 106.472 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of 094°1'36", and a chord which bears North 76°21'49" East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South 07°56' East, 0.69 feet;

THENCE, North 81°12'37" East, along said southerly R.O.W. line, at 90.40 feet passing a 5/8-inch iron rod found marking the northeast corner of said Restricted Reserve "A", continuing in all for a total distance of 1,772.42 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of a called 28.9270 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598260; said iron rod for the northeast corner of the herein described tract;

THENCE, South 08°47'23" East, departing said southerly R.O.W. line, at 1,289.36 feet passing a 5/8-inch iron rod found marking the westerly common corner of said 28.9270 acre tract and a called 10.0000 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598262, continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found on the northwesterly R.O.W. line of a Harris County Flood Control District drainage easement (150 feet wide) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682; said iron rod for the southeast corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

North $21^{\circ}17'29''$ West, a distance of 80.86 feet to an angle point;

North $04^{\circ}22'12''$ West, a distance of 216.80 feet to an angle point;

North $32^{\circ}41'57''$ West, a distance of 184.39 feet to an angle point;

North $51^{\circ}06'03''$ West, a distance of 159.93 feet to an angle point;

North $74^{\circ}03'08''$ West, a distance of 164.71 feet to an angle point;

South $48^{\circ}02'49''$ West, a distance of 44.69 feet to an angle point;

North $73^{\circ}53'13''$ West, a distance of 47.50 feet to an angle point;

South $49^{\circ}24'27''$ West, a distance of 89.87 feet to an angle point;

North $75^{\circ}14'40''$ West, a distance of 40.66 feet to an angle point;

South $43^{\circ}53'50''$ West, a distance of 146.10 feet to an angle point;

South $25^{\circ}05'22''$ West, a distance of 134.50 feet to an angle point;

South $83^{\circ}33'17''$ West, a distance of 49.30 feet to an angle point;

South $21^{\circ}22'27''$ West, a distance of 73.69 feet to an angle point;

North $77^{\circ}09'16''$ West, a distance of 62.96 feet to an angle point;

3 South 59°48'42" West, a distance of 48.72 feet to an angle point;
 North 76°29'09" West, a distance of 56.65 feet to an angle point;
 North 88°56'38" West, a distance of 120.31 feet to an angle point;
 North 78°01'47" West, a distance of 221.29 feet to an angle point;
 North 67°13'30" West, a distance of 112.00 feet to an angle point;
 North 50°46'11" West, a distance of 258.04 feet to an angle point;
 North 16°00'41" West, a distance of 99.00 feet to an angle point;
 North 05°32'33" West, a distance of 60.42 feet to an angle point;
 North 23°27'30" East, a distance of 67.18 feet to an angle point;
 North 39°20'14" East, a distance of 42.52 feet to an angle point;
 North 59°56'00" East, a distance of 35.59 feet to an angle point;
 South 84°03'09" East, a distance of 25.53 feet to an angle point;
 South 63°21'49" East, a distance of 25.66 feet to an angle point;
 North 23°23'59" East, a distance of 84.42 feet to an angle point;
 North 27°29'30" East, a distance of 63.48 feet to an angle point;
 North 19°02'35" East, a distance of 103.93 feet to an angle point;
 North 14°38'12" East, a distance of 53.72 feet to an angle point;
 North 13°22'21" West, a distance of 9.00 feet to an angle point;



North 15°04'35" East, a distance of 70.83 feet to an angle point;

North 31°32'46" West, a distance of 52.49 feet to an angle point;

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 106.472 acres (4,637,900 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Addendum E

Comparable Data

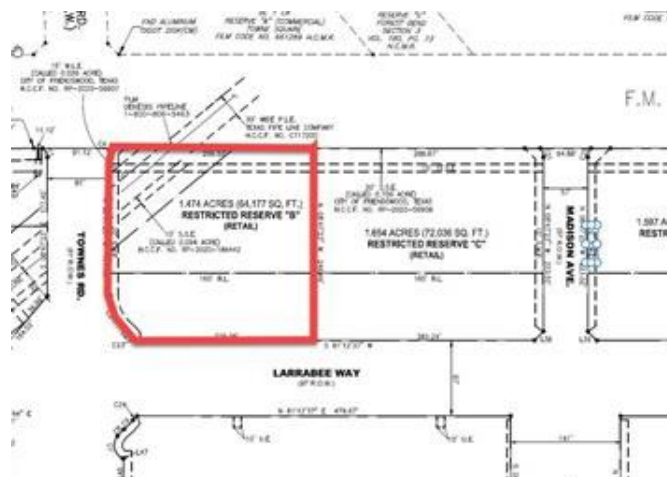
Land Sales - Lot 1

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528

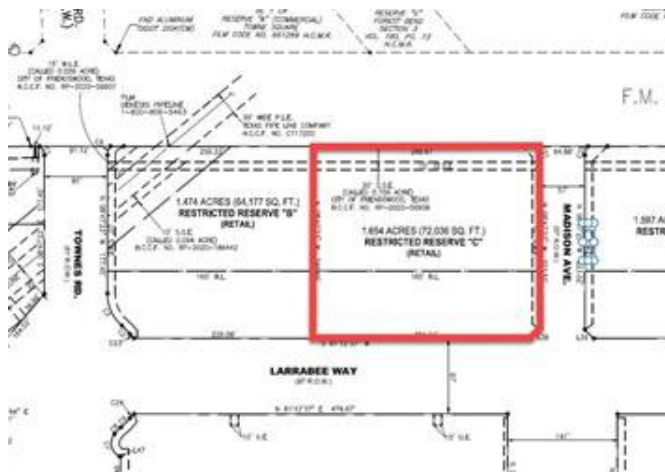


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot

Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban

IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



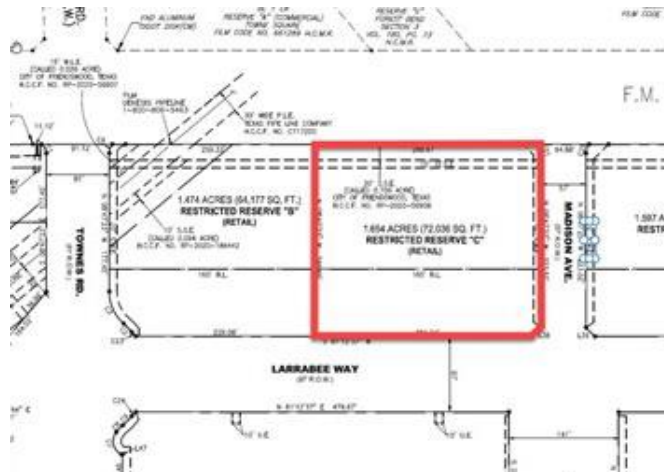
Land Sales - Lot 2

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sales - Lot 3

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528

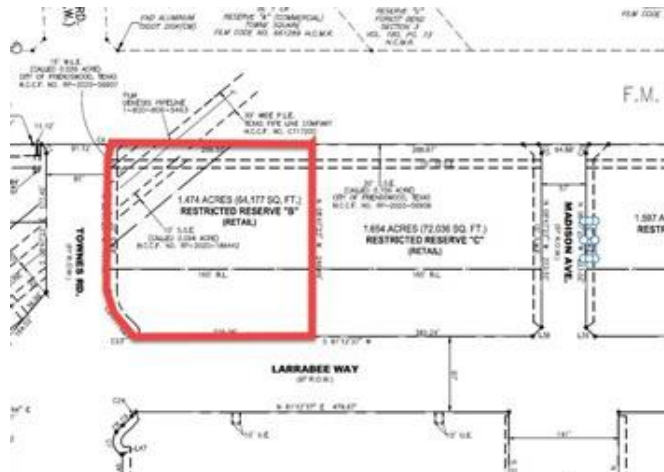


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention. Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



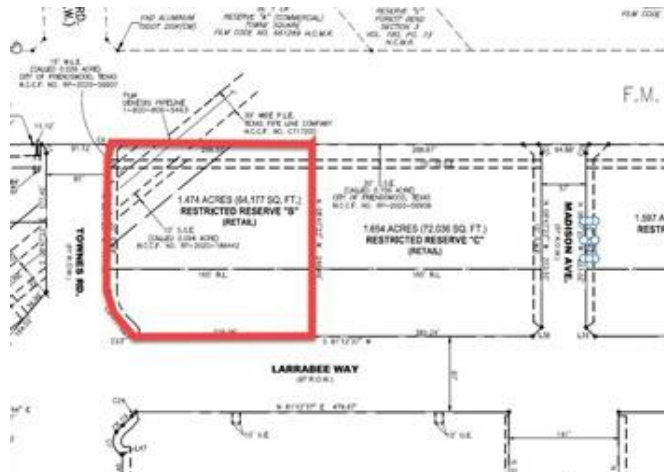
Land Sales - Lot 4

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528

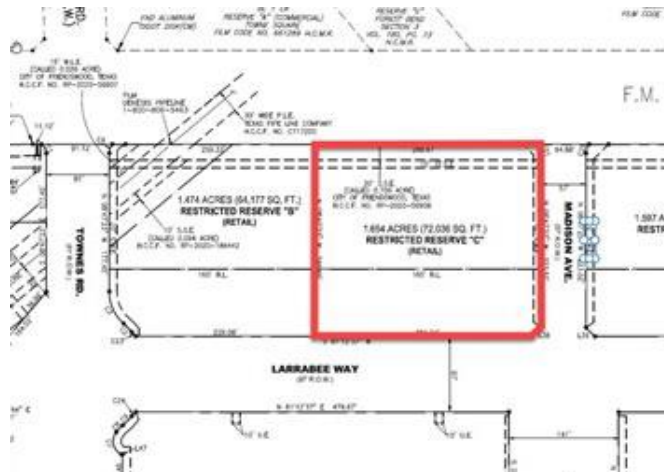


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



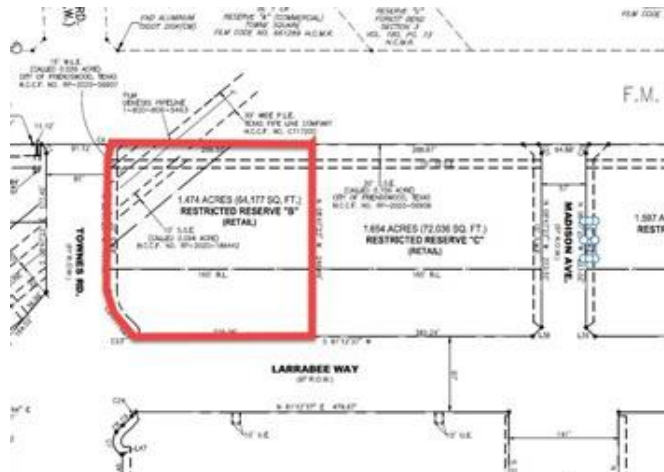
Land Sales - Lot 5

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528

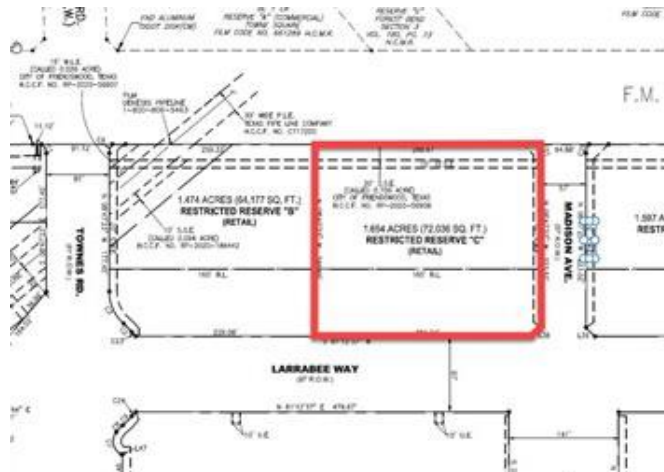


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court. The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention. Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



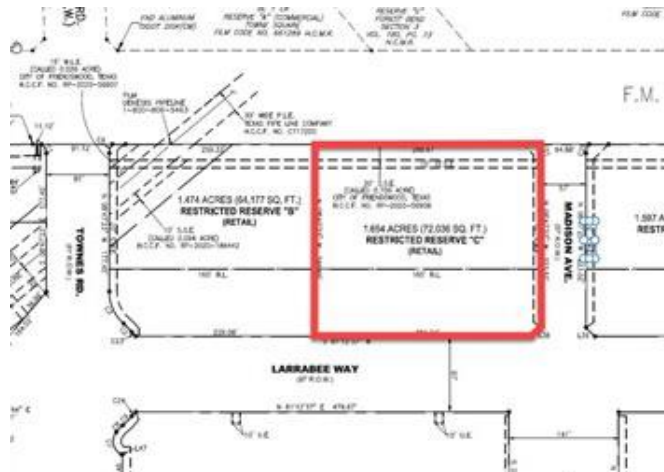
Land Sales - Lot 6

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court. The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot

Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban

IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: 14.95 Ac Hwy 288
Sub-Property Type: Residential, Multifamily Land
Address: East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue
City/State/Zip: Houston, TX 77049
County: Harris
Submarket: Northeast/East
Market Orientation: Suburban

IRR Event ID: 3024382



Sale Information

Sale Price: \$12,369,893
Effective Sale Price: \$12,369,893
Sale Date: 08/25/2022
Sale Status: Closed
\$/Acre(Gross): \$827,639
\$/Land SF(Gross): \$19.00
\$/Acre(Usable): \$1,001,935
\$/Land SF(Usable): \$23.00
Grantor/Seller: Quasar City Park Ltd.
Grantee/Buyer: City of Houston
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2022-434140
Verified By: David M. English
Verification Date: 07/07/2023
Confirmation Source: Urban Meridian - Flor Gonzales
Verification Type: Confirmed-Buyer Broker

Improvement and Site Data

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: Tr 10B-1, D. White Survey, A-886 / Tax #0451900000696

Acres(Usable/Gross): 12.35/14.95
Land-SF(Usable/Gross): 537,792/651,048
Usable/Gross Ratio: 0.83
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Desc.: 1302' - Hwy 288
1327' - Cityscape Ave
Frontage Type: 2 way, 1 lane each way
Zoning Code: None
Zoning Desc.: N/A
Flood Plain: Yes
Flood Zone: 3% within 100-year; 35% within 500-year
Flood Zone Designation: X (Shaded)
Utilities: Water Public, Sewer
Utilities Desc.: HC MUD 390
Source of Land Info.: Engineering Report

Comments

Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.

14.95 Ac Hwy 288



Comments (Cont'd)

Site includes approximately 2.6 acres of pipeline easements that bisects the southern portion of the site. This easement divides the site into an approximate 9.65 acre tract located to the north of the easement, and an approximate 2.7 acre tract located to the south of the easement.

Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: Waterfront Land - NASA Pkwy

Sub-Property Type: Commercial, Hotel

Address: West side of NASA Parkway at
Repsdorph Road

City/State/Zip: Seabrook, TX 77586

County: Harris

Submarket: Baybrook/Clear Lake

Market Orientation: Suburban



IRR Event ID: 2824096

Sale Information

Sale Price: \$12,700,000

Effective Sale Price: \$12,700,000

Sale Date: 08/02/2022

Contract Date: 06/09/2022

Sale Status: Closed

\$/Acre(Gross): \$1,237,238

\$/Land SF(Gross): \$28.40

\$/Acre(Usable): \$1,237,238

\$/Land SF(Usable): \$28.40

Grantor/Seller: Endeavour Lofts Clear Lake
L.P.; Endeavour Marina Clear
Lake L.P., & Lamrock 3/2001
L.P.

Grantee/Buyer: Marinemax, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Document Type: Warranty Deed

Recording No.: RP-2022-394291

Verified By: David M. English

Verification Date: 06/01/2022

Confirmation Source: Viewed PSA

Verification Type: Confirmed-Buyer

MSA: Houston-The
Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: 041-008-004-0040,
041-008-004-0050,
041-008-004-0082,
123-082-001-0001 and
123-082-001-0002

Acres(Usable/Gross): 10.26/10.26

Land-SF(Usable/Gross): 447,133/447,133

Usable/Gross Ratio: 1.00

Shape: Rectangular

Topography: Gently Sloping

Corner Lot: No

Frontage Feet: 890

Frontage Desc.: NASA Parkway

Frontage Type: 2 way, 3 lanes each way

Zoning Code: WAD

Zoning Desc.: Waterfront Activity District

Flood Plain: Yes

Flood Zone: 13% within Coastal Flood
Zone (VE), remainder in 1
VE

Flood Zone Designation: VE

Comm. Panel No.: 48201C1095M

Date: 01/06/2017

Utilities: Water Public, Sewer

Utilities Desc.: All available

Source of Land Info.: Engineering Report

Improvement and Site Data

Waterfront Land - NASA Pkwy



Comments

The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.

Property consists of two tracts separated by Repsdorph future ROW.

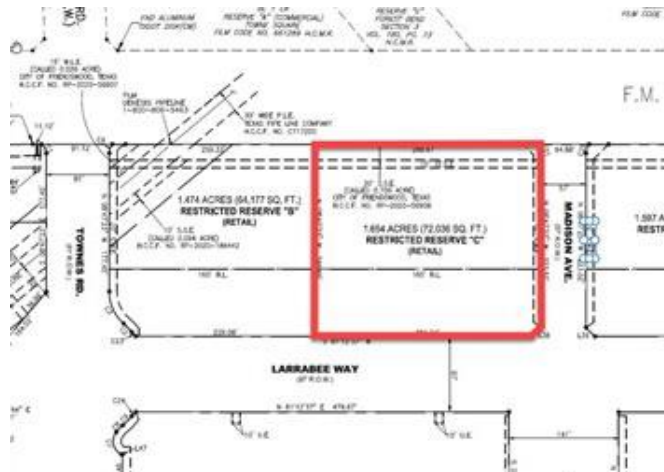
Land Sales - Lot 7

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court. The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot

Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban

IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: 14.95 Ac Hwy 288
Sub-Property Type: Residential, Multifamily Land
Address: East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue
City/State/Zip: Houston, TX 77049
County: Harris
Submarket: Northeast/East
Market Orientation: Suburban

IRR Event ID: 3024382



Sale Information

Sale Price: \$12,369,893
Effective Sale Price: \$12,369,893
Sale Date: 08/25/2022
Sale Status: Closed
\$/Acre(Gross): \$827,639
\$/Land SF(Gross): \$19.00
\$/Acre(Usable): \$1,001,935
\$/Land SF(Usable): \$23.00
Grantor/Seller: Quasar City Park Ltd.
Grantee/Buyer: City of Houston
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2022-434140
Verified By: David M. English
Verification Date: 07/07/2023
Confirmation Source: Urban Meridian - Flor Gonzales
Verification Type: Confirmed-Buyer Broker

Improvement and Site Data

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: Tr 10B-1, D. White Survey, A-886 / Tax #0451900000696

Acres(Usable/Gross): 12.35/14.95
Land-SF(Usable/Gross): 537,792/651,048
Usable/Gross Ratio: 0.83
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Desc.: 1302' - Hwy 288
1327' - Cityscape Ave
Frontage Type: 2 way, 1 lane each way
Zoning Code: None
Zoning Desc.: N/A
Flood Plain: Yes
Flood Zone: 3% within 100-year; 35% within 500-year
Flood Zone Designation: X (Shaded)
Utilities: Water Public, Sewer
Utilities Desc.: HC MUD 390
Source of Land Info.: Engineering Report

Comments

Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.

14.95 Ac Hwy 288



Comments (Cont'd)

Site includes approximately 2.6 acres of pipeline easements that bisects the southern portion of the site. This easement divides the site into an approximate 9.65 acre tract located to the north of the easement, and an approximate 2.7 acre tract located to the south of the easement.

Land Sale Profile

Sale No. 7

Location & Property Identification

Property Name: Waterfront Land - NASA Pkwy

Sub-Property Type: Commercial, Hotel

Address: West side of NASA Parkway at
Repsdorph Road

City/State/Zip: Seabrook, TX 77586

County: Harris

Submarket: Baybrook/Clear Lake

Market Orientation: Suburban



IRR Event ID: 2824096

Sale Information

Sale Price: \$12,700,000

Effective Sale Price: \$12,700,000

Sale Date: 08/02/2022

Contract Date: 06/09/2022

Sale Status: Closed

\$/Acre(Gross): \$1,237,238

\$/Land SF(Gross): \$28.40

\$/Acre(Usable): \$1,237,238

\$/Land SF(Usable): \$28.40

Grantor/Seller: Endeavour Lofts Clear Lake
L.P.; Endeavour Marina Clear
Lake L.P., & Lamrock 3/2001
L.P.

Grantee/Buyer: Marinemax, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Document Type: Warranty Deed

Recording No.: RP-2022-394291

Verified By: David M. English

Verification Date: 06/01/2022

Confirmation Source: Viewed PSA

Verification Type: Confirmed-Buyer

MSA: Houston-The
Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: 041-008-004-0040,
041-008-004-0050,
041-008-004-0082,
123-082-001-0001 and
123-082-001-0002

Acres(Usable/Gross): 10.26/10.26

Land-SF(Usable/Gross): 447,133/447,133

Usable/Gross Ratio: 1.00

Shape: Rectangular

Topography: Gently Sloping

Corner Lot: No

Frontage Feet: 890

Frontage Desc.: NASA Parkway

Frontage Type: 2 way, 3 lanes each way

Zoning Code: WAD

Zoning Desc.: Waterfront Activity District

Flood Plain: Yes

Flood Zone: 13% within Coastal Flood
Zone (VE), remainder in 1
VE

Flood Zone Designation: VE

Comm. Panel No.: 48201C1095M

Date: 01/06/2017

Utilities: Water Public, Sewer

Utilities Desc.: All available

Source of Land Info.: Engineering Report

Improvement and Site Data

Waterfront Land - NASA Pkwy



Comments

The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.

Property consists of two tracts separated by Repsdorph future ROW.

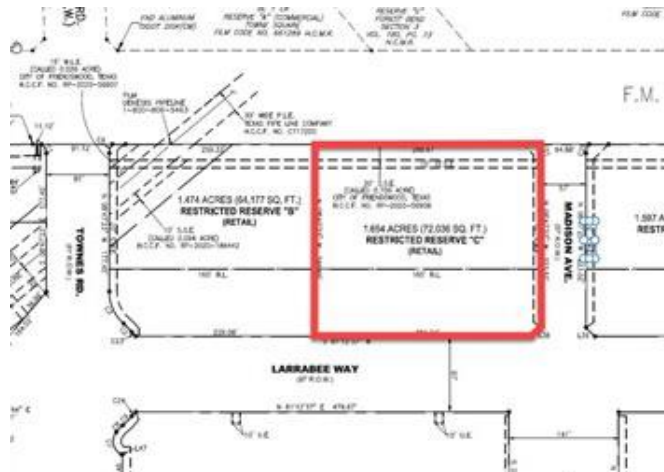
Land Sales - Lot 8

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



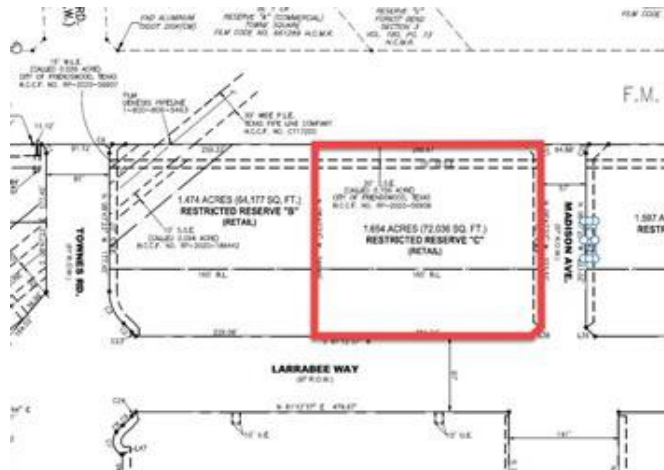
Land Sales - Lot 9

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court. The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot

Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban

IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Location & Property Identification

Property Name: Land - Orchard St.
 Sub-Property Type: Commercial, Office
 Address: South side of Orchard Street,
 east of Texas Avenue
 City/State/Zip: Webster, TX 77598
 County: Harris
 Submarket: Baybrook/Clear Lake
 Market Orientation: Suburban
 IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
 Effective Sale Price: \$784,080
 Sale Date: 10/03/2022
 Sale Status: Closed
 \$/Acre(Gross): \$784,080
 \$/Land SF(Gross): \$18.00
 \$/Acre(Usable): \$784,080
 \$/Land SF(Usable): \$18.00
 Grantor/Seller: Bhupendra Turakhia and
 Mushtaq Husain Azad and
 Manik Husan
 Grantee/Buyer: Anjuash, LLC
 Property Rights: Fee Simple
 Financing: Cash to seller
 Document Type: Deed
 Recording No.: RP-2022-495804 &
 RP-2022-495843
 Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
 Usable/Gross Ratio: 1.00
 Shape: Rectangular
 Topography: Level
 Corner Lot: No
 Frontage Type: 2 way, 2 lanes each way
 Zoning Code: C3
 Zoning Desc.: Third Commercial District
 Flood Plain: No
 Utilities: Water Public, Sewer
 Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
 Woodlands-Sugar Land, TX
 Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
 Subdivision / Tax
 #1428280010001
 Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



Land Sale Profile

Sale No. 6

Location & Property Identification

Property Name: 14.95 Ac Hwy 288
Sub-Property Type: Residential, Multifamily Land
Address: East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue
City/State/Zip: Houston, TX 77049
County: Harris
Submarket: Northeast/East
Market Orientation: Suburban

IRR Event ID: 3024382



Sale Information

Sale Price: \$12,369,893
Effective Sale Price: \$12,369,893
Sale Date: 08/25/2022
Sale Status: Closed
\$/Acre(Gross): \$827,639
\$/Land SF(Gross): \$19.00
\$/Acre(Usable): \$1,001,935
\$/Land SF(Usable): \$23.00
Grantor/Seller: Quasar City Park Ltd.
Grantee/Buyer: City of Houston
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2022-434140
Verified By: David M. English
Verification Date: 07/07/2023
Confirmation Source: Urban Meridian - Flor Gonzales
Verification Type: Confirmed-Buyer Broker

Improvement and Site Data

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: Tr 10B-1, D. White Survey, A-886 / Tax #0451900000696

Acres(Usable/Gross): 12.35/14.95
Land-SF(Usable/Gross): 537,792/651,048
Usable/Gross Ratio: 0.83
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Desc.: 1302' - Hwy 288
1327' - Cityscape Ave
Frontage Type: 2 way, 1 lane each way
Zoning Code: None
Zoning Desc.: N/A
Flood Plain: Yes
Flood Zone: 3% within 100-year; 35% within 500-year
Flood Zone Designation: X (Shaded)
Utilities: Water Public, Sewer
Utilities Desc.: HC MUD 390
Source of Land Info.: Engineering Report

Comments

Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.

14.95 Ac Hwy 288



Comments (Cont'd)

Site includes approximately 2.6 acres of pipeline easements that bisects the southern portion of the site. This easement divides the site into an approximate 9.65 acre tract located to the north of the easement, and an approximate 2.7 acre tract located to the south of the easement.

Land Sale Profile

Sale No. 7

Location & Property Identification

Property Name: Waterfront Land - NASA Pkwy

Sub-Property Type: Commercial, Hotel

Address: West side of NASA Parkway at
Repsdorph Road

City/State/Zip: Seabrook, TX 77586

County: Harris

Submarket: Baybrook/Clear Lake

Market Orientation: Suburban



IRR Event ID: 2824096

Sale Information

Sale Price: \$12,700,000

Effective Sale Price: \$12,700,000

Sale Date: 08/02/2022

Contract Date: 06/09/2022

Sale Status: Closed

\$/Acre(Gross): \$1,237,238

\$/Land SF(Gross): \$28.40

\$/Acre(Usable): \$1,237,238

\$/Land SF(Usable): \$28.40

Grantor/Seller: Endeavour Lofts Clear Lake
L.P.; Endeavour Marina Clear
Lake L.P., & Lamrock 3/2001
L.P.

Grantee/Buyer: Marinemax, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Document Type: Warranty Deed

Recording No.: RP-2022-394291

Verified By: David M. English

Verification Date: 06/01/2022

Confirmation Source: Viewed PSA

Verification Type: Confirmed-Buyer

MSA: Houston-The
Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: 041-008-004-0040,
041-008-004-0050,
041-008-004-0082,
123-082-001-0001 and
123-082-001-0002

Acres(Usable/Gross): 10.26/10.26

Land-SF(Usable/Gross): 447,133/447,133

Usable/Gross Ratio: 1.00

Shape: Rectangular

Topography: Gently Sloping

Corner Lot: No

Frontage Feet: 890

Frontage Desc.: NASA Parkway

Frontage Type: 2 way, 3 lanes each way

Zoning Code: WAD

Zoning Desc.: Waterfront Activity District

Flood Plain: Yes

Flood Zone: 13% within Coastal Flood
Zone (VE), remainder in 1
VE

Flood Zone Designation: VE

Comm. Panel No.: 48201C1095M

Date: 01/06/2017

Utilities: Water Public, Sewer

Utilities Desc.: All available

Source of Land Info.: Engineering Report

Improvement and Site Data

Waterfront Land - NASA Pkwy



Comments

The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.

Property consists of two tracts separated by Repsdorph future ROW.

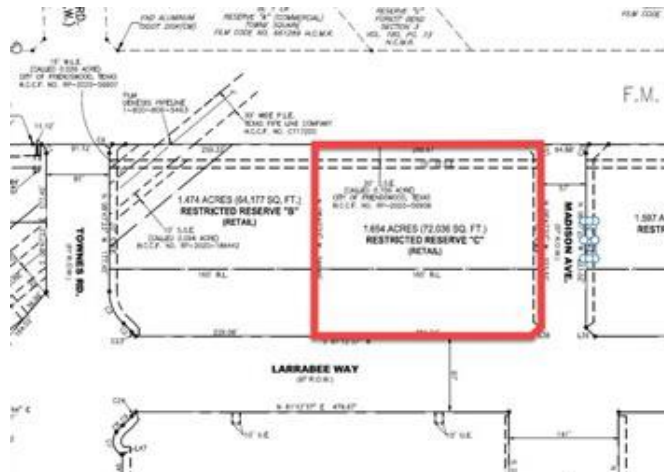
Land Sales - Lot 10

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257388



Sale Information

Sale Price: \$1,445,320
Effective Sale Price: \$1,445,320
Sale Date: 07/15/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Lone Star Campus R1, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-252299
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the southeast quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve A, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.66/1.66
Land-SF(Usable/Gross): 72,266/72,266

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



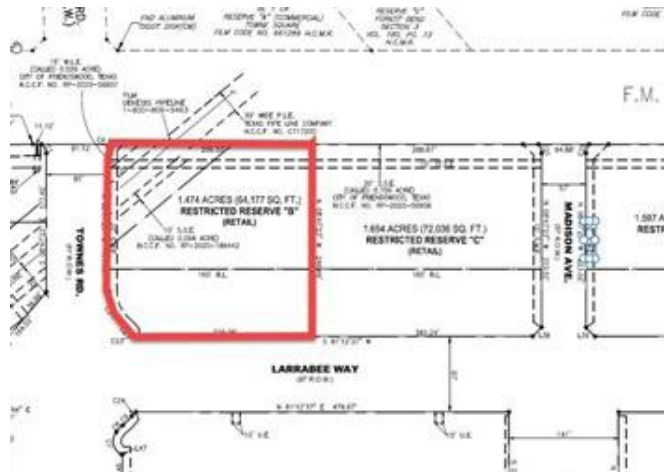
Land Sales - Lot 11

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southeast corner of FM 528 and Townes Road
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257329



Sale Information

Sale Price: \$1,155,734
Effective Sale Price: \$1,155,734
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Tima Holdings, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-101968
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required, but a large pipeline easement traverses the northwest quadrant of the site.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve B, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 64,207/64,207

Land - FM 528

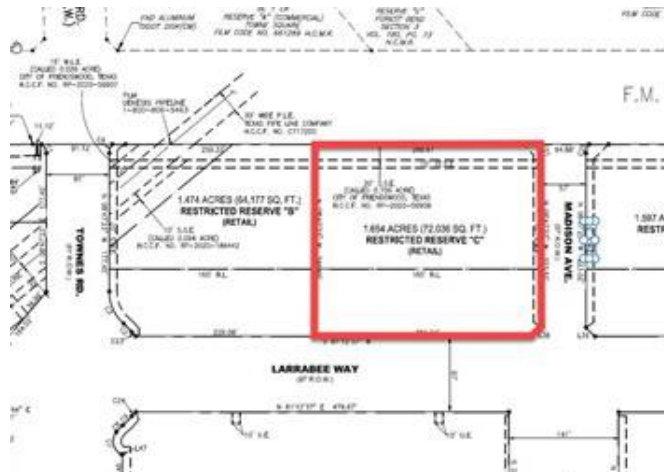


Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Land - FM 528
Sub-Property Type: Commercial, Retail
Address: Southwest corner of FM 528 and Madison Avenue
City/State/Zip: Friendswood, TX 77546
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3257353



Sale Information

Sale Price: \$1,440,965
Effective Sale Price: \$1,440,965
Sale Date: 03/22/2024
Sale Status: Closed
\$/Acre(Gross): \$871,200
\$/Land SF(Gross): \$20.00
\$/Acre(Usable): \$871,200
\$/Land SF(Usable): \$20.00
Grantor/Seller: Maddison Development Corp., LLC
Grantee/Buyer: Hill Gage Development, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: RP-2024-106808
Verified By: Ernest Gatewood
Verification Date: 07/22/2024
Confirmation Source: Closing Statements
Verification Type: Confirmed-Seller

Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 3 lanes each way
Zoning Code: PUD (Planned Unit Development)
Zoning Desc.: Commercial
Flood Plain: No
Utilities: Water Public, Sewer
Utilities Desc.: All Available
Source of Land Info.: Public Records

Comments

This site was purchased for retail/office development. No on-site retention required. It is noted that Madison Avenue was under construction at date of sale.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve C, Friendswood City Center / Tax # not yet created
Acres(Usable/Gross): 1.65/1.65
Land-SF(Usable/Gross): 72,048/72,048

Land - FM 528



Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Land - Gulf Fwy
Sub-Property Type:	Commercial, Other
Address:	South corner of IH-45 (Gulf Freeway) and Rogers Drive
City/State/Zip:	Webster, TX 77598
County:	Harris
Submarket:	Baybrook/Clear Lake
Market Orientation:	Suburban
Property Location:	20090 IH-45
IRR Event ID:	3257279



Sale Information

Sale Price:	\$2,690,732
Effective Sale Price:	\$2,690,732
Sale Date:	02/22/2024
Sale Status:	Closed
\$/Acre(Gross):	\$831,988
\$/Land SF(Gross):	\$19.10
\$/Acre(Usable):	\$998,157
\$/Land SF(Usable):	\$22.91
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	RP-2024-62435
Verified By:	Ernest Gatewood
Verification Date:	07/22/2024
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Other

Land-SF(Usable/Gross):	117,424/140,877
Usable/Gross Ratio:	0.83
Shape:	Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Type:	1 way, 2 lanes
Zoning Code:	C-2
Zoning Desc.:	Second Commercial District
Easements Desc.:	Drainage Easement, Lift
Flood Plain:	Yes
Flood Zone:	80% 100 YR, 20% Floodway
Flood Zone Designation:	AE
Comm. Panel No.:	48201C1070M
Date:	01/06/2017
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Commercial Reserves B, C, and D1, Baybrook Section 2 R/P / Tax # 1192000010002, 1192000010003, and 1192000010012
Acres(Usable/Gross):	2.70/3.23

Comments

This is a resale of a pad site that sold in December 2023. It is triangular in shape and is located in front of a Costco Warehouse.

A drainage easement runs adjacent to Rogers Court along the northwestern property line. There is also a Lift Station in the southern portion of the site. Both encumbrances have been netted from the gross acreage. Rogers Court dead ends at the northwest line of the subject property, but to gain access to the road a bridge would have to be constructed over the drainage easement. As such, at

Land - Gulf Fwy



Comments (Cont'd)

present the site does not have access to Rogers Court.

The portion of the subject property in the floodway is located along the western property line along the drainage ditch to the west. The remaining portion of the property is 100% within the AE section of the flood plain. The area in the floodway is minimal and appears to follow the eastern boundary of the drainage ditch. As the remainder of the site is basically flat and level, the floodway does not appear to impact the functional utility or development potential of the site as this area can be utilized for parking. Onsite detention is required for development.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Land - Flyway Drive
Sub-Property Type: Commercial, Retail Pad/Outlot
Address: Southeast corner of Flyway Drive and Osprey Dr
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 2891819



Sale Information

Sale Price: \$2,613,600
Effective Sale Price: \$2,613,600
Sale Date: 03/27/2023
Sale Status: Closed
\$/Acre(Gross): \$882,675
\$/Land SF(Gross): \$20.26
\$/Acre(Usable): \$882,675
\$/Land SF(Usable): \$20.26
Grantor/Seller: Webster Economic Development Corp
Grantee/Buyer: CNP11 Real Estate, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-105803
Verified By: David M. English
Verification Date: 07/11/2022
Confirmation Source: Viewed PSA
Verification Type: Confirmed-Seller

Acres(Usable/Gross): 2.96/2.96
Land-SF(Usable/Gross): 128,983/128,983
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Type: 2 way, 2 lanes each way
Zoning Code: PD
Zoning Desc.: Planned Unit Development
Flood Plain: No
Flood Zone: Property has been built-up above base floodplain
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The grantee constructed a Chicken N Pickle restaurant and bar onsite. The site has access to offsite detention.
Site is located out of the Flyway mixed-use development.

Improvement and Site Data

Legal/Tax/Parcel ID: Reserve L, Block 4, Flyway Addition / Tax #1468160040001

Land - Flyway Drive



Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Orchard St.
Sub-Property Type: Commercial, Office
Address: South side of Orchard Street,
east of Texas Avenue
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
IRR Event ID: 3242100



Sale Information

Sale Price: \$784,080
Effective Sale Price: \$784,080
Sale Date: 10/03/2022
Sale Status: Closed
\$/Acre(Gross): \$784,080
\$/Land SF(Gross): \$18.00
\$/Acre(Usable): \$784,080
\$/Land SF(Usable): \$18.00
Grantor/Seller: Bhupendra Turakhia and
Mushtaq Husain Azad and
Manik Husan
Grantee/Buyer: Anjuash, LLC
Property Rights: Fee Simple
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2022-495804 &
RP-2022-495843
Verification Type: Secondary Verification

Land-SF(Usable/Gross): 43,560/43,560
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Type: 2 way, 2 lanes each way
Zoning Code: C3
Zoning Desc.: Third Commercial District
Flood Plain: No
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

These two lots were acquired for construction of an 8,000 square foot medical facility. The broker acknowledged the price reflected the buyer's desire to be near the medical center.

Improvement and Site Data

MSA: Houston-The
Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID: Lots 1 & 2, Turakhia
Subdivision / Tax
#1428280010001
Acres(Usable/Gross): 1.00/1.00

Land - Orchard St.



Land Sales - Lot 12

Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: 14.95 Ac Hwy 288
Sub-Property Type: Residential, Multifamily Land
Address: East side of SH-288, south of E. Orem Drive; also west side of Cityscape Avenue
City/State/Zip: Houston, TX 77049
County: Harris
Submarket: Northeast/East
Market Orientation: Suburban

IRR Event ID: 3024382



Sale Information

Sale Price: \$12,369,893
Effective Sale Price: \$12,369,893
Sale Date: 08/25/2022
Sale Status: Closed
\$/Acre(Gross): \$827,639
\$/Land SF(Gross): \$19.00
\$/Acre(Usable): \$1,001,935
\$/Land SF(Usable): \$23.00
Grantor/Seller: Quasar City Park Ltd.
Grantee/Buyer: City of Houston
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2022-434140
Verified By: David M. English
Verification Date: 07/07/2023
Confirmation Source: Urban Meridian - Flor Gonzales
Verification Type: Confirmed-Buyer Broker

Improvement and Site Data

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: Tr 10B-1, D. White Survey, A-886 / Tax #0451900000696

Acres(Usable/Gross): 12.35/14.95
Land-SF(Usable/Gross): 537,792/651,048
Usable/Gross Ratio: 0.83
Shape: Rectangular
Topography: Level
Corner Lot: No
Frontage Desc.: 1302' - Hwy 288
1327' - Cityscape Ave
Frontage Type: 2 way, 1 lane each way
Zoning Code: None
Zoning Desc.: N/A
Flood Plain: Yes
Flood Zone: 3% within 100-year; 35% within 500-year
Flood Zone Designation: X (Shaded)
Utilities: Water Public, Sewer
Utilities Desc.: HC MUD 390
Source of Land Info.: Engineering Report

Comments

Detention is required. Site has direct access to Highway 288 at the northern portion of the site, but not the southern portion, as Highway 288 is currently a restricted access roadway. The broker thought the site was purchased for multifamily.

14.95 Ac Hwy 288



Comments (Cont'd)

Site includes approximately 2.6 acres of pipeline easements that bisects the southern portion of the site. This easement divides the site into an approximate 9.65 acre tract located to the north of the easement, and an approximate 2.7 acre tract located to the south of the easement.

Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Brittmoore Land
Sub-Property Type:	Residential, Multifamily Land
Address:	4522 Northwest quadrant of Brittmoore Road and Clay Road
City/State/Zip:	Houston, TX 77043
County:	Harris
Submarket:	West/Katy Fwy
Market Orientation:	Urban
Property Location:	4522 Brittmoore Road
IRR Event ID:	2947913



Sale Information

Sale Price:	\$12,000,000
Effective Sale Price:	\$12,000,000
Sale Date:	10/27/2022
Sale Status:	Closed
\$/Acre(Gross):	\$745,388
\$/Land SF(Gross):	\$17.11
\$/Acre(Usable):	\$921,333
\$/Land SF(Usable):	\$21.15
Grantor/Seller:	Claybritt Ventures, LLC
Grantee/Buyer:	AFH I/Houston Brittmoore, LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	RP-2022-528319
Verified By:	Karen Langridge
Verification Date:	08/11/2022
Verification Type:	Confirmed-Buyer

Sale Analysis

Current Use at T.O.S.:	Vacant
Proposed Use Change:	Yes
Proposed Use Desc.:	Multifamily

Improvement and Site Data

Brittmoore Land

Legal/Tax/Parcel ID:	Reserve A2, Twenty One, Twenty One, Brittmoore Business Park / Tax #125-996-001-0001 (portion of)
Acres(Usable/Gross):	13.02/16.10
Land-SF(Usable/Gross):	567,351/701,272
Usable/Gross Ratio:	0.81
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	785
Frontage Desc.:	Brittmoore Road
Frontage Type:	2 way, 2 lanes each way
Zoning Code:	None
Zoning Desc.:	N/A
Easements Desc.:	80' Drainage easement on
Flood Plain:	No
Flood Zone:	Usable area outside flood plain
Utilities:	Water Public, Sewer
Utilities Desc.:	All available
Source of Land Info.:	Public Records

Comments

The property is to be improved with a 324-unit, Class A market rate apartment project. Although the property wraps detention owned by Harris County, it will require



Comments (Cont'd)

onsite detention for development.

The land area within the 80' drainage easement, 20' pipeline easement, and 16' storm sewer easement on the northern property line has been netted from the gross acreage. All usable acreage is outside the flood plain.

Land Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	10.8046 acres, FM 2920
Sub-Property Type:	Residential, Multifamily Land
Address:	Southwest corner of FM-2920 and Foster Road
City/State/Zip:	Spring, TX 77388
County:	Harris
Submarket:	North Woodlands
Market Orientation:	Suburban
Property Location:	2525 FM-2920
IRR Event ID:	3050820



Sale Information

Sale Price:	\$5,740,419
Effective Sale Price:	\$5,815,419
Sale Date:	08/17/2023
Sale Status:	Closed
\$/Acre(Gross):	\$538,235
\$/Land SF(Gross):	\$12.36
\$/Acre(Usable):	\$538,235
\$/Land SF(Usable):	\$12.36
Grantor/Seller:	SGM Properties, LTD
Grantee/Buyer:	Prose Foster Venture, LP
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	RP-2023-317236
Verified By:	Jack Sarfati, MAI
Verification Date:	09/18/2023
Confirmation Source:	Seller-Viewed Settlement Statement
Verification Type:	Confirmed-Seller

Sale Analysis

Expenditures After Purchase:	\$75,000
Expenditures Description:	Demolition costs
Current Use at T.O.S.:	Owner-user light industrial & vacant land

Proposed Use Change:	Yes
Proposed Use Desc.:	Apartment development

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Trs. 8, 8A, 8K, 9A & 11B, JB Middlecoff Addition, HT&BRR Co. Survey, Sec. 1, Abstract 415 / Tax #0430810000027, #0610770000012,0 430810000008
Acres(Usable/Gross):	10.80/10.80
Land-SF(Usable/Gross):	470,648/470,648
Usable/Gross Ratio:	1.00
Shape:	Very Irregular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	734
Frontage Desc.:	FM 2920
Frontage Type:	2 way, 2 lanes each way
Zoning Code:	None
Zoning Desc.:	N/A
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

10.8046 acres, FM 2920



Comments (Cont'd)

The property was used for light industrial purposes and included a 15,513 SF industrial building. It was purchased to be developed with an apartment development. As such, we have added the estimated cost of \$75,000 for demolition costs.

Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: Waterfront Land - NASA Pkwy

Sub-Property Type: Commercial, Hotel

Address: West side of NASA Parkway at Repsdorph Road

City/State/Zip: Seabrook, TX 77586

County: Harris

Submarket: Baybrook/Clear Lake

Market Orientation: Suburban



IRR Event ID: 2824096

Sale Information

Sale Price: \$12,700,000

Effective Sale Price: \$12,700,000

Sale Date: 08/02/2022

Contract Date: 06/09/2022

Sale Status: Closed

\$/Acre(Gross): \$1,237,238

\$/Land SF(Gross): \$28.40

\$/Acre(Usable): \$1,237,238

\$/Land SF(Usable): \$28.40

Grantor/Seller: Endeavour Lofts Clear Lake L.P.; Endeavour Marina Clear Lake L.P., & Lamrock 3/2001 L.P.

Grantee/Buyer: Marinemax, Inc.

Property Rights: Fee Simple

Financing: Cash to seller

Document Type: Warranty Deed

Recording No.: RP-2022-394291

Verified By: David M. English

Verification Date: 06/01/2022

Confirmation Source: Viewed PSA

Verification Type: Confirmed-Buyer

MSA: Houston-The Woodlands-Sugar Land, TX

Legal/Tax/Parcel ID: 041-008-004-0040, 041-008-004-0050, 041-008-004-0082, 123-082-001-0001 and 123-082-001-0002

Acres(Usable/Gross): 10.26/10.26

Land-SF(Usable/Gross): 447,133/447,133

Usable/Gross Ratio: 1.00

Shape: Rectangular

Topography: Gently Sloping

Corner Lot: No

Frontage Feet: 890

Frontage Desc.: NASA Parkway

Frontage Type: 2 way, 3 lanes each way

Zoning Code: WAD

Zoning Desc.: Waterfront Activity District

Flood Plain: Yes

Flood Zone: 13% within Coastal Flood Zone (VE), remainder in 1

Flood Zone Designation: VE

Comm. Panel No.: 48201C1095M

Date: 01/06/2017

Utilities: Water Public, Sewer

Utilities Desc.: All available

Source of Land Info.: Engineering Report

Improvement and Site Data

Waterfront Land - NASA Pkwy



Comments

The buyer intends to develop the site with a mixed-use development, consisting of a 170-room podium style boutique hotel (Compass by Margaritaville) with resort style pool area, 10,000 square feet of convention center space in collaboration with the City of Seabrook, a 20,000 square foot podium style retail building, and a podium style 76-unit residential tower.

Property consists of two tracts separated by Repsdorph future ROW.

Land Sale Profile

Sale No. 5

Location & Property Identification

Property Name: Land - Webster
Sub-Property Type: Commercial, Other
Address: Southeast corner of Medical Center Boulevard and Genesis Boulevard
City/State/Zip: Webster, TX 77598
County: Harris
Submarket: Baybrook/Clear Lake
Market Orientation: Suburban
Property Location: SEC of Medical Center Boulevard & Genesis Boulevard
IRR Event ID: 3196687



Sale Information

Sale Price: \$5,227,200
Effective Sale Price: \$5,227,200
Sale Date: 05/22/2024
Recording Date: 05/24/2024
Sale Status: Recorded
\$/Acre(Gross): \$522,720
\$/Land SF(Gross): \$12.00
\$/Acre(Usable): \$522,720
\$/Land SF(Usable): \$12.00
Grantor/Seller: Samina Muanwar
Grantee/Buyer: Prop 13 Webster, LLC
Property Rights: Fee Simple
Exposure Time: 9 (months)
Financing: Cash to seller
Document Type: Deed
Recording No.: RP-2024-190024
Verified By: Lauren Turner
Verification Date: 06/14/2024
Confirmation Source: Simmi Jaggi
Verification Type: Confirmed-Seller Broker

Legal/Tax/Parcel ID: Lot 2, Webster Outlots 8 / Tax #036-168-000-0002
Acres(Usable/Gross): 10.00/10.00
Land-SF(Usable/Gross): 435,600/435,600
Usable/Gross Ratio: 1.00
Shape: Square
Corner Lot: Yes
Frontage Feet: 1290
Frontage Type: 2 way, 1 lane each way
Zoning Code: C2
Zoning Desc.: Second Commercial District
Flood Zone: 99% 500-Year & 1% Floodway
Flood Zone Designation: AE
Comm. Panel No.: 48201C1070M
Date: 01/06/2014
Utilities: Water Public, Sewer
Source of Land Info.: Public Records

Comments

The property was listed at \$13.75/SF. On site detention required. According to the broker, the grantee intends to build an Andretti amusement center on the site. Site is adjacent to Costco.

Improvement and Site Data

Land - Webster



Improved Sales

Retail Sale Profile

Sale No. 1

Location & Property Identification

Property Name: R/C - Katy Green
Sub-Property Type: Shopping Center, Strip/Convenience Center
Address: 19111 Katy Fwy
City/State/Zip: Houston, TX 77094
County: Harris
Submarket: West/Katy Fwy
Market Orientation: Suburban
Property Location: SWC of Katy Fwy and Baker Rd

IRR Event ID: 3072035



Sale Information

Sale Price: \$8,025,000
Effective Sale Price: \$8,025,000
Sale Date: 11/14/2023
Sale Status: Closed
\$/SF GBA: \$528.80
\$/SF NRA: \$528.80
Grantor/Seller: ADLA Properties LLC
Grantee/Buyer: Thomas Wertheim Trust
Assets Sold: Real estate only
Property Rights: Leased Fee
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Warranty Deed
Recording No.: RP-2023-432960
Verified By: Kyle White
Verification Date: 11/20/2023
Verification Type: Confirmed-Confidential

Operating Data and Key Indicators

Net Operating Income: \$ 541,688
Cap Rate - Derived: 6.75%

Occupancy

Occupancy at Time of Sale: 100.00%

Improvement and Site Data

Legal/Tax/Parcel ID: 132-944-003-0001
Res A, Blk 1, Katy Green R/P 1, Part of R/P 1

GBA-SF: 15,176
GLA-SF: 15,176
Acres(Usable/Gross): 1.77/1.77
Land-SF(Usable/Gross): 77,232/77,232
Usable/Gross Ratio: 1.00
Year Built: 2017
No. of Buildings/Stories: 1/1
Total Parking Spaces: 38
Park. Ratio 1000 SF GLA: 2.50
Park. Ratio 1000 SF GBA: 2.50
Shape: Rectangular
Corner Lot: Yes
Bldg. to Land Ratio FAR: 0.20
Flood Plain: No
Flood Zone: Not Within
Flood Zone Designation: X
Comm. Panel No.: 48201C0615M
Date: 11/15/2019

Source of Land Info.: Public Records

R/C - Katy Green



Comments

This comparable represents a sale of a 15,176 SF multi-tenant retail center. The property was 100% leased at the time of sale with an NOI of \$541,688, which equates to a cap rate of 6.75%.

Retail Sale Profile

Sale No. 2

Location & Property Identification

Property Name:	Citadel Retail Center
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	137 Citadel Way
City/State/Zip:	Sugar Land, TX 77479
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
Property Location:	S. line Citadel Way, S. Hwy. 90A
IRR Event ID:	3065805



Sale Information

Sale Price:	\$3,530,883
Effective Sale Price:	\$3,530,883
Sale Date:	10/10/2023
Sale Status:	Closed
\$/SF GBA:	\$543.21
\$/SF NRA:	\$543.21
Grantor/Seller:	Amin Dhanani
Grantee/Buyer:	Mejor Compra, LLC
Assets Sold:	Real estate only
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2023-098901
Verified By:	Jack Sarfati, MAI
Verification Date:	10/31/2023
Confirmation Source:	Listing broker
Verification Type:	Confirmed-Seller Broker

Operating Data and Key Indicators

Operating Data Type:	In Place
Net Operating Income:	\$ 211,850
Cap Rate - Derived:	6.00%

Sale Analysis

Current Use at T.O.S.:	Strip shopping center
Proposed Use Change:	No

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	100.00%
Number of Tenants at T.O.S.:	2
Lease Type:	Triple Net
Remaining Lease Term (Yrs):	10.00

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	R469567 Reserves M & L-1, Sec. 4, Crossing At Telfair
GBA-SF:	6,500
GLA-SF:	6,500
Acres(Usable/Gross):	1.48/1.48
Land-SF(Usable/Gross):	64,425/64,425
Usable/Gross Ratio:	1.00
Year Built:	2022
Property Class:	B
M&S Class:	C

Citadel Retail Center



Improvement and Site Data (Cont'd)

Construction Quality:	Average
Improvements Cond.:	New
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	50
Park. Ratio 1000 SF GLA:	7.69
Park. Ratio 1000 SF GBA:	7.69
No. Of Elevators:	None
Air-Conditioning Type:	Central
Shape:	Rectangular
Corner Lot:	No
Frontage Feet:	215
Frontage Desc.:	Citadel Way
Frontage Type:	2 way, 2 lanes each way
Traffic Control at Entry:	None
Traffic Flow:	Moderate
AccessibilityRating:	Average
Visibility Rating:	Average
Bldg. to Land Ratio FAR:	0.10
Zoning Code:	PD
Zoning Desc.:	Planned Development
Flood Plain:	No
Flood Zone:	Reduced Flood Risk due to Levee
Flood Zone Designation:	X
Comm. Panel No.:	48157C0260L
Date:	04/02/2014
Utilities:	Electricity, Water Public, Sewer
Utilities Desc.:	All public
Source of Land Info.:	Public Records

Comments

The property was 100% leased to Popeyes (2,300 SF) and Paragon Health (4,300 SF) at the time of sale. Popeyes leased their space for a 20-year term with (4) 5-year renewal options. Paragon Health leased their space for a 5-year term with (1) 5-year renewal option.

Retail Sale Profile

Sale No. 3

Location & Property Identification

Property Name: Woodson's Reserve
Sub-Property Type: Shopping Center, Neighborhood Center
Address: 3917 Woodsons Reserve Pky.
City/State/Zip: Unincorporated, TX 77386
County: Montgomery
Submarket: North Woodlands
Market Orientation: Small Town - Non Metro

IRR Event ID: 3182081



Sale Information

Sale Price: \$5,250,000
Effective Sale Price: \$5,250,000
Sale Date: 09/26/2023
Sale Status: Closed
\$/SF GBA: \$531.65
\$/SF NRA: \$531.65
Grantor/Seller: DM Twolabs Woodson, LLC
Grantee/Buyer: TSN Properties, LLC
Assets Sold: Real estate only
Property Rights: Leased Fee
% of Interest Conveyed: 100.00
Financing: Cash to seller
Conditions of Sale: Arm's-length
Document Type: Deed
Recording No.: 2023092319
Verified By: Cody Walker
Verification Date: 12/13/2023
Confirmation Source: Jake Dutson (281) 843-4912
Verification Type: Confirmed-Seller Broker

Operating Data and Key Indicators

Operating Data Type: In Place
Net Operating Income: \$ 315,000
Cap Rate - Derived: 6.00%

Occupancy

Occupancy Type Before Sale: Multi-Tenant
Occupancy Type After Sale: Multi-Tenant
Occupancy at Time of Sale: 100.00%

Improvement and Site Data

Legal/Tax/Parcel ID: R544809
GBA-SF: 9,875
GLA-SF: 9,875
Acres(Usable/Gross): 2.32/2.32
Land-SF(Usable/Gross): 101,233/101,233
Usable/Gross Ratio: 1.00
Year Built: 2022
Property Class: B
M&S Class: C
Construction Quality: Average
Improvements Cond.: Average
Exterior Walls: Stucco
No. of Buildings/Stories: 2/1
Multi-Tenant/Condo.: Yes/No
Total Parking Spaces: 150
Park. Ratio 1000 SF GLA: 15.19
No. Surface Spaces: 150
Park. Ratio 1000 SF GBA: 15.19
No. Of Elevators: None
Fire Sprinkler Type: Yes

Woodson's Reserve



Improvement and Site Data (Cont'd)

Air-Conditioning Type:	Roof Central Mounted
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Type:	2 way, 2 lanes each way
Traffic Control at Entry:	None
Traffic Flow:	Moderate
AccessibilityRating:	Average
Visibility Rating:	Average
Bldg. to Land Ratio FAR:	0.10
Zoning Code:	None
Zoning Desc.:	None
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	48339C0725G
Date:	08/18/2014
Utilities:	Electricity, Water Public, Sewer
Source of Land Info.:	Public Records

Comments

This comparable represents a sale of a 9,875 SF multi-tenant retail center that was 100% leased at date of sale. The NOI was confirmed at \$315,000, which equates to a cap rate of 6.00%.

Retail Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	Plazas at Spring Green
Sub-Property Type:	Shopping Center
Address:	10625 Spring Green Boulevard
City/State/Zip:	Katy, TX 77494
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
Property Location:	NWC of Spring Green Blvd and Cinco Ranch Blvd
IRR Event ID:	3205952



Sale Information

Sale Price:	\$3,290,200
Effective Sale Price:	\$3,290,200
Sale Date:	07/18/2023
Sale Status:	Closed
\$/SF GBA:	\$548.37
\$/SF NRA:	\$548.37
Grantor/Seller:	Vista Spring Green II, Ltd.
Grantee/Buyer:	Esperanza Spring Green, LLC
Assets Sold:	Real estate only
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2023067716
Verified By:	Marcos A. Falcao
Verification Date:	06/15/2023
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Buyer

Operating Data and Key Indicators

Operating Data Type:	IRR Projection
Net Operating Income:	\$ 191,128
Cap Rate - Derived:	5.81%

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	100.00%

Improvement and Site Data

Legal/Tax/Parcel ID:	R432857
GBA-SF:	6,000
GLA-SF:	6,000
Acres(Usable/Gross):	0.70/0.70
Land-SF(Usable/Gross):	30,448/30,448
Usable/Gross Ratio:	1.00
Year Built:	2022
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Stucco
Construction Desc.:	Tiltwall with stone accents
No. of Buildings/Stories:	1/1
Total Parking Spaces:	29
Park. Ratio 1000 SF GLA:	4.83
Park. Ratio 1000 SF GBA:	4.83
No. Of Elevators:	None
Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Roof Comm.:	Flat

Plazas at Spring Green



Improvement and Site Data (Cont'd)

Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	120
Frontage Desc.:	Spring Green Boulevard
Frontage Type:	2 way, 2 lanes each way
Traffic Control at Entry:	None
Traffic Flow:	High
Visibility Rating:	Good
Bldg. to Land Ratio FAR:	0.20
Zoning Code:	None
Zoning Desc.:	None
Flood Plain:	No
Flood Zone:	Not Within
Flood Zone Designation:	X
Comm. Panel No.:	48157C0105L
Date:	04/02/2014

Utilities:	Water Public, Sewer
Utilities Desc.:	All available
Source of Land Info.:	Public Records

Comments

Prior to going under contract, the subject had been listed for sale publicly on the market at an asking price of \$3,362,000 by Marcus & Millichap. According to the buyer's broker, the subject had been listed for less than a month before going under contract. The buyer is an investor that will continue to operate the center as is.

Retail Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	R/C - Reading Rd
Sub-Property Type:	Shopping Center
Address:	6726 Reading Rd.
City/State/Zip:	Rosenberg, TX 77471
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
IRR Event ID:	2751654



Sale Information

Sale Price:	\$8,800,896
Effective Sale Price:	\$8,800,896
Sale Date:	01/05/2022
Sale Status:	Closed
\$/SF GBA:	\$540.93
\$/SF NRA:	\$540.93
Grantor/Seller:	Shops at Summer Park, LLC
Grantee/Buyer:	City Park South, LP
Assets Sold:	Real estate only
Property Rights:	Leased Fee
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Warranty Deed
Recording No.:	2022001939
Verified By:	Marcos A. Falcão
Verification Date:	12/30/2021
Confirmation Source:	Viewed Contract
Verification Type:	Confirmed-Buyer

Operating Data and Key Indicators

Net Operating Income:	\$ 506,463
Cap Rate - Derived:	5.75%

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant

Occupancy at Time of Sale:	100.00%
Number of Tenants at T.O.S.:	7

Improvement and Site Data

Legal/Tax/Parcel ID:	R501132
GBA-SF:	16,270
GLA-SF:	16,270
Acres(Usable/Gross):	1.81/1.81
Land-SF(Usable/Gross):	78,772/78,772
Usable/Gross Ratio:	1.00
Year Built:	2021
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Concrete Precast
Construction Desc.:	Tiltwall with stone and stucco facade
No. of Buildings/Stories:	2/1
No. Of Elevators:	None
Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Roof Comm.:	Flat
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	270
Frontage Desc.:	Reading Rd
Frontage Type:	2 way, 2 lanes each way
Traffic Control at Entry:	Traffic light

R/C - Reading Rd



Improvement and Site Data (Cont'd)

Traffic Flow:	High
Visibility Rating:	Good
Bldg. to Land Ratio FAR:	0.21
Zoning Code:	NA
Zoning Desc.:	NA
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	48157C0245L
Date:	04/02/2014
Source of Land Info.:	Engineering Report

Comments

Multi-tenant shopping center that was 100% leased by 7 tenants at time of sale. The in-place NOI equates to a sold cap rate of 5.75%.

Lease Comparables - Retail

Retail Lease Profile

Lease No. 1

Location & Property Identification

Property Name: Shops at Grand Parkway
Sub-Property Type: Shopping Center,
Strip/Convenience Center
Address: 6941 Spring Stuebner Road
City/State/Zip: Spring, TX 77379
County: Harris
Submarket: North Woodlands
Market Orientation: Suburban



IRR Event ID: 3240005

Space Information

Space Type: Retail
Full Building Lease: No
Leased Area: 1,500

Lease Information

Lease Status: Signed Lease
Lessee: Nail Salon
Start/Available Date: 06/01/2024
Expiration Date: 05/31/2029
Term of Lease: 60 months
Lease Measure: \$/SF/Yr
Face Rental Rate: \$34.00
Effective Rental Rate: \$34.00
Escalation Type: Fixed Steps
Escalation Desc.: Not provided
Verified by: Stephen Lechtenberg
Verification Date: 06/01/2024
Verification Source: Offering memorandum
Transaction Reliability: Confirmed

MSA: Houston-The
Woodlands-Sugar Land, TX
GBA-SF: 17,600
GLA-SF: 17,600
Acres(Usable/Gross): 1.47/1.47
Land-SF(Usable/Gross): 63,872/63,872
Usable/Gross Ratio: 1.00
Year Built: 2023
Property Class: A
M&S Class: D
Construction Quality: Good
Improvements Cond.: Good
Exterior Walls: Stone
No. of Buildings/Stories: 1/1
Multi-Tenant/Condo.: Yes/No
Total Parking Spaces: 97
Park. Ratio 1000 SF GLA: 5.51
Park. Ratio 1000 SF GBA: 5.51
Fire Sprinkler Type: Wet
Air-Conditioning Type: Roof Central Mounted
Bldg. to Land Ratio FAR: 0.28
Source of Land Info.: Public Records

Comments

Multi-tenant strip center built in 2023 and located in Spring, Texas. Tenant signed a 60-month lease starting at \$34.00/SF triple net.

Lease Expense Information

Reimbursement Method: Triple Net

Improvement and Site Data

Shops at Grand Parkway



Retail Lease Profile

Lease No. 2

Location & Property Identification

Property Name:	Harvest Green Retail Center
Sub-Property Type:	Shopping Center, Community Center
Address:	18802 W. Airport Boulevard
City/State/Zip:	Richmond, TX 77407
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
IRR Event ID:	3252860



Space Information

Space Type:	Retail
Suite #:	E-200
Leased Area:	2,123

Lease Information

Lease Status:	Signed Lease
Lessee:	Russo's New York Pizzeria
Start/Available Date:	06/01/2024
Expiration Date:	05/31/2034
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$33.00
Effective Rental Rate:	\$33.00
Escalation Type:	Fixed Steps
Escalation Desc.:	5% in Year 6
Renewal Options:	Yes
Desc. of Options:	Two (2), five-year options
Verified by:	Stephen Lechtenberg
Verification Date:	07/09/2024
Verification Source:	Offering memorandum
Transaction Reliability:	Confirmed

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	0096-00-000-0016-907
GBA-SF:	82,605
GLA-SF:	82,605
Acres(Usable/Gross):	8.82/8.82
Land-SF(Usable/Gross):	384,199/384,199
Usable/Gross Ratio:	1.00
Year Built:	2023
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	5/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	558
Park. Ratio 1000 SF GLA:	6.76
Park. Ratio 1000 SF GBA:	6.76
Fire Sprinkler Type:	Yes
Air-Conditioning Type:	Central
Bldg. to Land Ratio FAR:	0.22
Source of Land Info.:	Public Records

Comments

Part of a multi-building community shopping center known as Harvest Green built in 2023. Tenant signed a

Harvest Green Retail Center



Comments (Cont'd)

10-year term at \$33.00/SF triple net with 5% increase in Year 6.

Retail Lease Profile

Lease No. 3

Location & Property Identification

Property Name:	Fort Bend Town Center RC
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	10407 Highway 6
City/State/Zip:	Missouri City, TX 77459
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
Property Location:	N/L Hwy 6, W of Fort Bend Tollway
IRR Event ID:	3220347



Space Information

Space Type:	Retail
Leased Area:	2,602

Lease Information

Lease Status:	Signed Lease
Lessee:	MOD Pizza
Start/Available Date:	02/01/2024
Expiration Date:	01/31/2034
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$36.00
Effective Rental Rate:	\$36.00
Escalation Type:	Fixed Steps
TI Allowance (\$/SF):	\$40.00
TI Type:	Shell Space
Renewal Options:	Yes
Verified by:	David English
Verification Date:	10/03/2023
Verification Source:	Viewed Rent Roll
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	R526458 Res I, Parkway Plaza Shopping Center
GBA-SF:	7,880
GLA-SF:	7,880
Acres(Usable/Gross):	1.74/1.74
Land-SF(Usable/Gross):	75,851/75,851
Usable/Gross Ratio:	1.00
Year Built:	2024
Exterior Walls:	Concrete Precast
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	84
Park. Ratio 1000 SF GLA:	10.66
Park. Ratio 1000 SF GBA:	10.66
Bldg. to Land Ratio FAR:	0.10
Flood Plain:	No
Source of Land Info.:	Public Records

Comments

Property is a pad site out of the Fort Bend Town Center.
Property is 100% occupied.

Fort Bend Town Center RC



Retail Lease Profile

Lease No. 4

Location & Property Identification

Property Name:	Western Village @ Waterview Town Center
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	19320 W. Bellfort Street
City/State/Zip:	Richmond, TX 77407
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
IRR Event ID:	3240014



Space Information

Space Type:	Retail
Suite #:	E300
Leased Area:	1,156

Lease Information

Lease Status:	Signed Lease
Lessee:	Cinnaholic
Start/Available Date:	09/27/2023
Expiration Date:	01/31/2034
Term of Lease:	125 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$35.50
Effective Rental Rate:	\$35.50
Escalation Type:	Fixed Steps
Free Rent (Months):	5.00
Renewal Options:	Yes
Desc. of Options:	One (1), five-year option
Verified by:	Stephen Lechtenberg
Verification Date:	06/01/2024
Verification Source:	Offering memorandum
Transaction Reliability:	Confirmed

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	13,563
GLA-SF:	13,563
Acres(Usable/Gross):	1.69/1.69
Land-SF(Usable/Gross):	73,616/73,616
Usable/Gross Ratio:	1.00
Year Built:	2022
Property Class:	A
M&S Class:	D
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Stone
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	89
Park. Ratio 1000 SF GLA:	6.56
Park. Ratio 1000 SF GBA:	6.56
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Roof Central Mounted
Bldg. to Land Ratio FAR:	0.18
Source of Land Info.:	Broker

Comments

Multi-tenant retail shopping center built in 2022 located in Richmond, TX. Tenant signed a 125-year lease starting at

Western Village @ Waterview Town Center



Comments (Cont'd)

\$35.50/SF triple net.



Retail Lease Profile

Lease No. 5

Location & Property Identification

Property Name:	Western Village @ Waterview Town Center
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	19320 W. Bellfort Street
City/State/Zip:	Richmond, TX 77407
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
IRR Event ID:	3240013



Space Information

Space Type:	Retail
Suite #:	E200
Leased Area:	1,600

Lease Information

Lease Status:	Signed Lease
Lessee:	Aloha Poke
Start/Available Date:	05/01/2023
Expiration Date:	04/30/2033
Term of Lease:	120 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$34.00
Effective Rental Rate:	\$34.00
Escalation Type:	Fixed Steps
Renewal Options:	Yes
Desc. of Options:	Two (2), five-year options
Verified by:	Stephen Lechtenberg
Verification Date:	06/01/2024
Verification Source:	Offering memorandum
Transaction Reliability:	Confirmed

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	13,563
GLA-SF:	13,563
Acres(Usable/Gross):	1.69/1.69
Land-SF(Usable/Gross):	73,616/73,616
Usable/Gross Ratio:	1.00
Year Built:	2022
Property Class:	A
M&S Class:	D
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Stone
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	89
Park. Ratio 1000 SF GLA:	6.56
Park. Ratio 1000 SF GBA:	6.56
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Roof Central Mounted
Bldg. to Land Ratio FAR:	0.18
Source of Land Info.:	Broker

Comments

Multi-tenant retail shopping center built in 2022 located in Richmond, TX. Tenant signed a 10-year lease starting at

Western Village @ Waterview Town Center



Comments (Cont'd)

\$34.00/SF triple net.



Retail Lease Profile

Lease No. 6

Location & Property Identification

Property Name:	R/C - FM 1463
Sub-Property Type:	Shopping Center
Address:	4906 FM 1463
City/State/Zip:	Katy, TX 77494
County:	Fort Bend
Submarket:	Southwest
Market Orientation:	Suburban
IRR Event ID:	3000460



Space Information

Space Type:	Retail
Suite #:	D500
Leased Area:	1,937

Lease Information

Lease Status:	Signed Lease
Lessee:	Woof Gang
Start/Available Date:	02/01/2023
Expiration Date:	04/30/2033
Term of Lease:	123 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$34.00
Effective Rental Rate:	\$34.00
Escalation Type:	Fixed Steps
Verification Source:	Rent Roll
Transaction Reliability:	Imported - V

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	Part of R444834
GBA-SF:	22,801
GLA-SF:	22,801

Acres(Usable/Gross):	2.23/2.23
Land-SF(Usable/Gross):	97,205/97,205
Usable/Gross Ratio:	1.00
Year Built:	2020/2021
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Stucco
No. of Buildings/Stories:	2/1
No. Of Elevators:	None
Fire Sprinkler Type:	None
Air-Conditioning Type:	Central
Roof Comments:	Flat
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	290
Frontage Desc.:	FM 1463
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	High
Visibility Rating:	Good
Bldg. to Land Ratio FAR:	0.23
Zoning Code:	C
Zoning Desc.:	Commercial
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	48157C0105L
Date:	04/02/2014
Source of Land Info.:	Engineering Report

R/C - FM 1463



Comments

Retail shopping center that is shadow anchored by HEB.

Lease Comparables – C-Store/Gas Station

Retail Lease Profile

Lease No. 1

Location & Property Identification

Property Name:	7-Eleven - The Woodlands, TX
Sub-Property Type:	Single User, Gas Station With C-Store
Address:	10080 Research Forest Drive
City/State/Zip:	The Woodlands, TX 77354
County:	Montgomery
Submarket:	North Woodlands
Market Orientation:	Suburban
IRR Event ID:	3256999



Space Information

Space Type:	Gas Station
Full Building Lease:	Yes
Leased Area:	4,872

Lease Information

Lease Status:	Signed Lease
Lessee:	7-Eleven
Lessee Type:	National
Start/Available Date:	11/01/2023
Expiration Date:	10/31/2038
Term of Lease:	180 months
Lease Measure:	\$ Amnt/Yr
Face Rental Rate:	\$406,807.00
Effective Rental Rate:	\$406,807.00
Escalation Type:	Fixed Steps
Escalation Desc.:	7.50% every 5 years
Renewal Options:	Yes
Desc. of Options:	Four (4), five-year renewals
Verified by:	Stephen Lechtenberg
Verification Date:	07/21/2024
Verification Source:	Offering memorandum
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method:	Absolute Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	4,872
GLA-SF:	4,872
Acres(Gross):	1.39
Land-SF(Gross):	60,548
Year Built:	2023
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/No
No. of Fuel Dispensers:	7.00
Car Wash:	Yes
Fuel Dispenser Desc:	MPDs
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Bldg. to Land Ratio FAR:	0.08
Improve. Info. Source:	Public Records
Source of Land Info.:	Broker

Comments

7-Eleven - The Woodlands, TX



Comments (Cont'd)

Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.

7-Eleven - The Woodlands, TX



Retail Lease Profile

Lease No. 2

Location & Property Identification

Property Name:	7-Eleven - Baytown, TX
Sub-Property Type:	Single User, Gas Station With C-Store
Address:	5907 Garth Road
City/State/Zip:	Baytown, TX 77521
County:	Harris
Market Orientation:	Suburban
Property Location:	NWC of Garth Road and W. Archer Road
IRR Event ID:	3256996



Space Information

Space Type:	Gas Station
Full Building Lease:	Yes
Leased Area:	4,842

Lease Information

Lease Status:	Signed Lease
Lessee:	7-Eleven
Lessee Type:	National
Start/Available Date:	10/01/2022
Expiration Date:	10/01/2037
Term of Lease:	180 months
Lease Measure:	\$ Amnt/Yr
Face Rental Rate:	\$310,000.00
Effective Rental Rate:	\$310,000.00
Escalation Type:	Fixed Steps
Escalation Desc.:	7.50% every 5 years
Renewal Options:	Yes
Desc. of Options:	Four (4), five-year renewals
Verified by:	Stephen Lechtenberg
Verification Date:	07/21/2024
Verification Source:	Offering memorandum
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method:	Absolute Net
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Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	4,842
GLA-SF:	4,842
Acres(Gross):	2.50
Land-SF(Gross):	108,900
Year Built:	2022
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/No
No. of Fuel Dispensers:	5.00
Car Wash:	No
Fuel Dispenser Desc:	MPDs
Total Parking Spaces:	28
Park. Ratio 1000 SF GLA:	5.78
Park. Ratio 1000 SF GBA:	5.78
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Bldg. to Land Ratio FAR:	0.04
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

7-Eleven - Baytown, TX



Comments

Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.

7-Eleven - Baytown, TX



Retail Lease Profile

Lease No. 3

Location & Property Identification

Property Name:	7-Eleven - Houston, TX
Sub-Property Type:	Single User, Gas Station With C-Store
Address:	1211 E. Crosstimbers Street
City/State/Zip:	Baytown, TX 77022
County:	Harris
Submarket:	North/North Belt
Market Orientation:	Suburban
Property Location:	NWC of E. Crosstimbers Street & Hardy Toll Road
IRR Event ID:	3256998



Space Information

Space Type:	Gas Station
Full Building Lease:	Yes
Leased Area:	4,842

Lease Information

Lease Status:	Signed Lease
Lessee:	7-Eleven
Lessee Type:	National
Start/Available Date:	09/01/2022
Expiration Date:	09/01/2037
Term of Lease:	180 months
Lease Measure:	\$ Amnt/Yr
Face Rental Rate:	\$319,681.00
Effective Rental Rate:	\$319,681.00
Escalation Type:	Fixed Steps
Escalation Desc.:	7.50% every 5 years
Renewal Options:	Yes
Desc. of Options:	Four (4), five-year renewals
Verified by:	Stephen Lechtenberg
Verification Date:	07/21/2024
Verification Source:	Offering memorandum
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method: Absolute Net

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
GBA-SF:	4,842
GLA-SF:	4,842
Acres(Gross):	2.99
Land-SF(Gross):	130,331
Year Built:	2022
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/No
No. of Fuel Dispensers:	8.00
Car Wash:	No
Fuel Dispenser Desc:	MPDs
Total Parking Spaces:	46
Park. Ratio 1000 SF GLA:	9.50
Park. Ratio 1000 SF GBA:	9.50
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Bldg. to Land Ratio FAR:	0.04

7-Eleven - Houston, TX



Improvement and Site Data (Cont'd)

Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

Comments

Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 7.5% increases every 5 years and corporate guaranteed.

7-Eleven - Houston, TX



Retail Lease Profile

Lease No. 4

Location & Property Identification

Property Name:	7-Eleven - Katy, TX
Sub-Property Type:	Single User, Gas Station With C-Store
Address:	23013 Clay Road
City/State/Zip:	Katy, TX 77493
County:	Harris
Submarket:	West/Katy Fwy
Market Orientation:	Suburban
Property Location:	SWC of Clay Road & Peek Road
IRR Event ID:	3256994



Space Information

Space Type:	Gas Station
Full Building Lease:	Yes
Leased Area:	4,842

Lease Information

Lease Status:	Signed Lease
Lessee:	7-Eleven
Lessee Type:	National
Start/Available Date:	04/01/2021
Expiration Date:	03/31/2036
Term of Lease:	180 months
Lease Measure:	\$ Amnt/Yr
Face Rental Rate:	\$288,888.00
Effective Rental Rate:	\$288,888.00
Escalation Type:	Fixed Steps
Escalation Desc.:	10% every 5 years
Renewal Options:	Yes
Desc. of Options:	Four (4), five-year renewals
Verified by:	Stephen Lechtenberg
Verification Date:	07/21/2024
Verification Source:	Offering memorandum
Transaction Reliability:	IRR Confirmed

Lease Expense Information

Reimbursement Method: Absolute Net

Improvement and Site Data

MSA:	Houston-The Woodlands-Sugar Land, TX
Legal/Tax/Parcel ID:	1402470010001
GBA-SF:	4,842
GLA-SF:	4,842
Acres(Gross):	1.32
Land-SF(Gross):	57,499
Year Built:	2021
Property Class:	A
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/No
No. of Fuel Dispensers:	8.00
Car Wash:	No
Fuel Dispenser Desc:	MPDs
Total Parking Spaces:	28
Park. Ratio 1000 SF GLA:	5.78
Park. Ratio 1000 SF GBA:	5.78
Air-Conditioning Type:	Central
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes

7-Eleven - Katy, TX



Improvement and Site Data (Cont'd)

Bldg. to Land Ratio FAR:	0.08
Improve. Info. Source:	Public Records
Source of Land Info.:	Public Records

Comments

Build-to-suit gas station/c-store that is 100% leased to 7-Eleven on a 15-year term with four (4), five-year options. Lease is absolute net with 10% increases every 5 years and corporate guaranteed.

7-Eleven - Katy, TX



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APPENDIX F
DEVELOPMENT AGREEMENT

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FRIENDSWOOD CITY CENTER

DEVELOPMENT AGREEMENT

BETWEEN

MADISON DEVELOPMENT CORP., LLC

AND

THE CITY OF FRIENDSWOOD, TEXAS

Dated: January 22, 2024

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FRIENDSWOOD CITY CENTER DEVELOPMENT AGREEMENT

This Friendswood City Center Development Agreement (this “**Agreement**”), dated as of January 22, 2024 (the “**Effective Date**”), is entered into between Madison Development Corp., LLC, a Texas limited liability company (the “**Developer**”), and the City of Friendswood Texas (the “**City**”), a home-rule city and municipal corporation, acting by and through its duly authorized representative.

Recitals:

WHEREAS, unless otherwise defined: (1) all references to “sections” shall mean to sections of this Agreement; (2) all references to “exhibits” shall mean exhibits to this Agreement which are incorporated as part of this Agreement for all purposes; and (3) all references to “ordinances” or “resolutions” shall mean ordinances or resolutions adopted by the City Council of the City of Friendswood, Texas (the “City Council”); and

WHEREAS the Developer owns and is developing an approximately 106.5 acre tract of land within the corporate limits of the City (together the “Property”) as a commercial mixed use development in accordance with City Regulations and the Concept Plan attached hereto as Exhibit D, as defined herein; and

WHEREAS, in order to incentivize the development of the Property and encourage and support economic development within the City described by metes and bound on Exhibit A attached hereto and to promote employment, the City desires to facilitate the development of the Property through the financing of certain public infrastructure (the “Public Improvements” as defined herein) and constructing additional public improvements within the Property and the TIRZ Property; and

WHEREAS, in order to finance the Public Improvements, the City Council intends to create a public improvement district that includes the Property (the “PID”) in accordance with Chapter 372 Texas Local Government Code, as amended (the “PID Act”), and to create a tax increment reinvestment zone that includes the Property pursuant to Chapter 311, Texas Tax Code, as amended (the “TIRZ Act”); and

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement), adopt the Assessment Ordinance (as defined herein) and adopt Service and Assessment Plans (“SAP”) (as defined herein) which provide for the construction, and financing of the Public Improvements pursuant to a Service and Assessment Plan, payable in whole or in part by and from Assessments levied against property within the PID (whether through a cash reimbursement or through an issuance of PID Bonds); and

WHEREAS the City also intends to pay or reimburse the Developer for additional improvements within the Property and the TIRZ property consisting of certain drainage improvements and other public improvements (the “Drainage Improvements” and “City Improvements” respectively), the payment and reimbursement for the Public Improvements, the City Improvements and the Drainage Improvements shall be solely from (i) the installment payments of Assessments and/or proceeds of the PID Bonds, (ii) TIRZ Revenues and/or (ii) City

drainage bond proceeds, and the City shall never be responsible for the payment of the Public Improvements, Drainage Improvements and City Improvements or the PID Bonds from its general fund or its ad valorem tax collections, past or future or any other source of City revenue or any assets of the City of whatsoever nature; and

WHEREAS, the Parties agree that the Public Improvements, Drainage Improvements and City Improvements are also improvements that qualify as projects under the TIRZ Act; and

WHEREAS, the City recognizes the positive impact that the construction and installation of the Public Improvements, Drainage Improvements and City Improvements will bring to the City and will promote state and local economic development; to stimulate business and commercial activity in the City; for the development and diversification of the economy of the State; development and expansion of commerce in the State, and elimination of employment or underemployment in the State;

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Article have the meanings assigned to them in the Recitals or this Article, and all such terms include the plural as well as the singular.

“Actual Costs” is defined in the Service and Assessment Plan.

“Affiliates” means any other person directly controlling, or directly controlled by or under direct common control with the Developer. As used in this definition, the term “control,” “controlling” or “controlled by” shall mean the possession, directly, of the power either to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of the Developer, or (b) direct or cause the direction of management or policies of the Developer, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of the Developer or any affiliate of such lender.

“Agreement” has the meaning stated in the first paragraph of this Agreement.

“Annual Installments” means with respect to each parcel subject to Assessments, each annual payment of the Assessments, including any applicable interest, as set forth and calculated in the SAP.

“Applicable Law” means any statute, law, treaty, rule, code, ordinance, regulation, permit, interpretation, certificate or order of any Governmental Authority, or any judgment, decision, decree, injunction, writ, order or like action of any court, or other Governmental Authority. Applicable Laws shall include, but not be limited to, City Regulations.

“Appraisal” means an appraisal of the property to be assessed in the PID by a licensed MAI Appraiser, such Appraisal to include as-complete improvements, including the Public Improvements to be financed in part with PID Bonds (i.e., “as-complete”) and the construction and installation of the Private Improvements, necessary to get a Final Lot Value.

“Assessment Ordinance” means one or more of the City’s ordinances approving a SAP and levying Assessments on the benefitted Property within the PID.

“Assessments” means those certain assessments levied by the City pursuant to the PID Act and on benefitted parcels within the PID for the purpose of paying the costs of the Public Improvements, including interest, all as set forth in or modified by the Service and Assessment Plan.

“Assessed Property” means property within the PID upon which an Assessment is levied, as set forth in a Service and Assessment Plan.

“City” means the City of Friendswood, Texas.

“City Center Account” means that account in Section 4.01(a) into which the City Tax Increment from the TIRZ Property shall be deposited.

“City Improvements” means the City’s fire station within the PID, public water, storm sewer and sanitary improvements, public drainage facilities, traffic signals, public parkland, and public roadways to include the City-owned public road providing additional access to the Brookside Intermediate School, all constructed to City Regulations, as shown on Exhibit K attached hereto. To the extent permitted by the Act, the fire station shall be considered a Public Improvement, payable from assessments and TIRZ Revenues, and the road shall be reimbursable from TIRZ Revenues.

“City Regulations” mean provisions of the City’s Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City, which shall be applied to the Development, including the PUD.

“City Representative” means the City Manager or designee which may include a third party inspector or representative.

“City Tax Increment” means, for any given year beginning with the 2023 tax year, seventy percent (70%) of the ad valorem property taxes levied and collected by the City for that year above the base year, on the captured appraised value of real property taxable by the City and located within the TIRZ for the term of the TIRZ, as set forth in Article IV herein.

“Closing Disbursement Request” means the Closing Disbursement Request described in Section 4.06, the form of which is attached as Exhibit G.

“Commencement of Construction” shall mean that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for construction of the applicable improvement, or portion thereof, as the case may be, on the Property; (ii) all necessary permits for the initiation of construction of the improvement, or portion thereof,

as the case may be, on the Property pursuant to the respective plans therefore having been issued by all applicable governmental authorities; and (iii) grading of the Property for the construction of the applicable improvement, or portion thereof, as the case may be, has commenced.

“Completion of Construction” shall mean that the City has with respect to applicable Public Improvements, Drainage Improvements and City Improvements accepted the respective Public Improvements, Drainage Improvements and City Improvements and confirmed that Final Completion has been reached with respect to such Public Improvements, Drainage Improvements and City Improvements.

“Concept Plan” means the concept plan attached hereto as Exhibit D and included in the PUD.

“Construction Agreements” mean the contracts for the construction of the Public Improvements, Drainage Improvements and City Improvements.

“Cost Overruns” means those Public Improvement Project Costs that exceed the budget cost set forth in the SAP(s) plus the Developer Cash Contribution.

“Cost Underruns” means Public Improvement Project Costs that are less than the budgeted cost set forth in the SAP(s).

“Deficit” shall have the meaning ascribed thereto in Section 3.03 of this Agreement.

“Developer” means Madison Development Corp., LLC, a Texas limited liability company and its successors and permitted assigns.

“Development” means the Friendswood City Center Development, a mixed use commercial development to be developed and constructed on the Property pursuant to the City Regulations and this Agreement.

“Disclosure Program” means the disclosure program, as set forth in a document in the form of Exhibit H that establishes a mechanism to disclose to each purchaser of property within the PID, the terms and conditions under which their lot is burdened by the PID.

“Drainage Improvements” means those drainage improvements set forth in Exhibit I.

“Drainage Payment Certificate” means a certificate as set forth in Section 3.06, the form of which is attached as Exhibit J.

“Effective Date” means the date set forth in the first paragraph of this Agreement which shall be the earliest date on which (i) the Developer has executed this Agreement and (ii) the Agreement is approved by City Council.

“Estimated Build Out Value” means the estimated value of an assessed property with fully constructed buildings, as provided by the Developer and confirmed by the City by considering such factors as density, lot size, proximity to amenities, view premiums, location, market

conditions, historical sales, builder contracts, discussions with builders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value.

“Final Completion” means as the point in the construction of the project when the City determines that the project is 100% completed, including punch list work.

“Final Lot Value” means the developed lot values established by an Appraisal.

“Force Majeure” means any act that (i) materially and adversely affects the affected Party’s ability to perform the relevant obligations under this Agreement or delays such affected Party’s ability to do so, (ii) is beyond the reasonable control of the affected Party, (iii) is not due to the affected Party’s fault or negligence and (iv) could not be avoided, by the Party who suffers it, by the exercise of commercially reasonable efforts. “Force Majeure” shall include: (a) natural phenomena, such as storms, floods, lightning and earthquakes; (b) wars, civil disturbances, revolts, insurrections, terrorism, sabotage and threats of sabotage or terrorism; (c) transportation disasters, whether by ocean, rail, land or air; (d) strikes or other labor disputes that are not due to the breach of any labor agreement by the affected Party; (e) fires; (f) epidemics or pandemics where shut-down of commercial construction or the manufacturing of supplies relating thereto has been ordered by a Governmental Authority; and (g) actions or omissions of a Governmental Authority (including the actions of the City in its capacity as a Governmental Authority) that were not voluntarily induced or promoted by the affected Party, or brought about by the breach of its obligations under this Agreement or any Applicable Law or failure to comply with City Regulations; provided, however, that under no circumstances shall Force Majeure include any of the following events: (i) economic hardship; (ii) changes in market condition; (iii) any strike or labor dispute involving the employees of the Developer or any Affiliate of the Developer, other than industry or nationwide strikes or labor disputes; (iv) during construction, weather conditions which could reasonably be anticipated by experienced contractors operating the relevant location; (v) the occurrence of any manpower, material or equipment shortages except as set forth in (f) above; or (vi) any delay, default or failure (financial or otherwise) of the general contractor or any subcontractor, vendor or supplier of the Developer, or any construction contracts for Public Improvements, Drainage Improvements or City Improvements.

“Governmental Authority” means any Federal, state or local governmental entity (including any taxing authority) or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof) and any arbitrator to whom a dispute has been presented under Applicable Law, pursuant to the terms of this Agreement or by agreement of the Parties.

“Indenture(s)” means the applicable indenture of trust pursuant to which PID Bonds are issued.

“Landowner Consent” means a consent executed by the applicable owner(s) of the Property consenting to the formation of the PID and the levy of Assessments, in form attached hereto as Exhibit E.

“Impositions” shall mean all taxes, assessments, use and occupancy taxes, sales taxes, charges, excises, license and permit fees, and other charges by public or governmental authority,

which are or may be assessed, charged, levied, or imposed by any public or governmental authority on Developer, or any property or any business owned by Developer within City.

“POA” is defined in Section 10.01.

“POA Maintained Improvements” is defined in Section 10.01.

“POA Maintenance Agreement” is defined in Section 10.01

“Net PID Bond Proceeds” means the proceeds of the PID Bonds issued pursuant to Sections 3.02, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the project fund for such bonds.

“Parties” or “Party” means the City and the Developer as parties to this Agreement.

“Payment Certificate” means a Payment Certificate as set forth in Section 9.03, the form of which is attached as Exhibit F as may be modified by an Indenture.

“Phasing Plan” means the plan for the construction and timing of the Development attached hereto as Exhibit L.

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

“PID Bond Proceeds” means the proceeds of the PID Bonds, net of costs of issuance, capitalized interest, reserve funds and other financing costs, that are deposited to the Project Fund.

“PID Bonds” means one or more series special assessment revenue bonds issued by the City pursuant to the PID Act for the reimbursement of the Public Improvement Project Costs.

“PID” means the Friendswood City Center Public Improvement District.

“PID Phase ” means a Phase of development within the PID.

“Plans and Specifications” means the plans and specifications for Public Improvements, Drainage Improvements and City Improvements approved by the City, together with any changes thereto approved or required by the City.

“Private Improvements” means these horizontal improvements described in the Plans and Specifications and in the PUD, submitted to the City, other than the Public Improvements, Drainage Improvements and City Improvements, being constructed in each Phase to get to a Final Lot Value.

“Project Cost Cap” means the total amount of reimbursement and/or payment to the Developer for the Public Improvement Project Costs, or the Actual Costs of the Drainage Improvements and City Improvements, from any source, including the proceeds of PID Bonds, TIRZ Revenues, City drainage bond proceeds or Assessment Revenues; such amount shall be equal to the Actual Costs of the Public Improvements, Drainage Improvements and City

Improvements that are to be reimbursed as set forth in this Agreement, the SAP and the TIRZ Project and Finance Plan.

“Project Fund” means the fund by that name created under each Indenture into which PID Bond Proceeds shall be deposited.

“Property” means the approximately 106.5 acre tract within the City to be developed within the Friendswood City Center Public Improvement District, as described in Exhibit A.

“Public Improvements” means public improvements to be developed and constructed or caused to be developed or constructed inside and outside the PID by the Developer to benefit the PID and the Property, which will include improvements described in Exhibit C.

“PUD” means the Planned Unit Development - Friendswood City Center PUD approved by the City on November 6, 2023, as attached here to as Exhibit B. As may be amended pursuant to City Regulations.

“Public Improvement Completion Date” means a date that is no later than twenty-four (24) months after Commencement of Construction for the Public Improvements, Drainage Improvements and City Improvements for each phase. Such date may be extended by one (6) month extension that may be granted by the City Manager upon request of the Developer.

“Public Improvement Project Costs” means the Actual Costs of the Public Improvements and a portion of the Actual Costs of the City Improvements set forth in the Service and Assessment Plan.

“Reimbursement Agreement(s)” means the agreement(s) between the City and the Developer in which Developer agrees to fund the certain costs of Public Improvements and the City agrees to reimburse the Developer for a portion of such costs of the Public Improvements from the proceeds of Assessments pursuant to the SAP(s) or from future PID Bond proceeds, if any.

“Service and Assessment Plan” or “SAP” means the service and assessment plans drafted pursuant to the PID Act for the PID and any amendments or updates thereto, adopted and approved by the City that identifies and allocates the Assessments on benefitted parcels within the PID and sets forth the method of assessment, the parcels assessed, the amount of the Assessments, the Public Improvements and the method of collection of the Assessment.

“Subsequent Owner” means the owner(s) of land within the PID as a result of a transfer made by the Developer pursuant to a purchase and sale contract for land within the PID.

“TIRZ” means the tax increment reinvestment zone created by the City over the TIRZ Property.

“TIRZ Act” means Chapter 311, Texas Tax Code, as amended.

“TIRZ Cap” means the lesser of the lesser of the (i) amount generated by the City Tax Increment over the life of the TIRZ; or (ii) \$100,000,000 in total reimbursement to the Developer (from both the PID and the TIRZ revenues).

“TIRZ Fund” means the fund set up by the City in order to receive the TIRZ Revenues in accordance with this Agreement, the TIRZ Act and the TIRZ Project and Finance Plan.

“TIRZ Project and Finance Plan” means those certain project plan and finance plan for the TIRZ required by the TIRZ Act, as amended that sets for the projects to be undertaken in the TIRZ.

“TIRZ Property” means the approximately 125 acre site over which the TIRZ was created, which includes the Property.

“TIRZ Revenues” means the revenues received from the City Tax Increment collected and deposited to the applicable TIRZ Account.

“Trustee” means the trustee under the Indenture.

“Waiver of Liens” means a complete, final and unconditional waiver of all liens with respect to the Public Improvements, Drainage Improvements and City Improvements.

ARTICLE II

THE DEVELOPMENT

Section 2.01. Scope of Agreement. This Agreement establishes provisions for the creation of the PID, the apportionment, levying, and collection of Assessments on the Property within the PID, the creation of the TIRZ and use of TIRZ Revenues, the construction of the Public Improvements, Drainage Improvements and City Improvements, reimbursement, acquisition, ownership and maintenance of the Public Improvements, Drainage Improvements and City Improvements, and the issuance of PID Bonds for the financing of the Public Improvements benefitting the property within the PID.

Section 2.02. Project Overview – The Development.

(a) The Developer will undertake or cause the undertaking of the design, development, construction, maintenance, management, use and operation of the Development, and will undertake or cause the undertaking of the design, development and construction of the Public Improvements, Drainage Improvements and City Improvements. The Development will consist of the following elements, in accordance with the PUD:

- (i) A Town Center consisting of:
 - A. Approximately 500 multi-family units;
 - B. Approximately 191,000 square feet of medical/office use;

C. A maximum 150 room hotel and approximately 5,000 square foot conference facility;

D. Approximately 63,800 square feet of restaurant and retail space;

E. Approximately 52 acres of public parks and approximately 5.2 miles of public trails;

F. A maximum of 300 condominium units;

G. A minimum 2,188 space parking garage.

(ii) A City fire station.

(iii) The dedication of land to the City along Clear Creek for a future flood mitigation project, such acreage to be mutually agreed to by the Parties.

(b) Subject to the terms and conditions set forth in this Agreement, the Developer shall plan, design, construct, and complete or cause the planning, designing, construction and completion of the Public Improvements, Drainage Improvements and City Improvements to the City's standards and specifications and subject to the City's approval as provided herein and in accordance with City Regulations, the Concept Plan and Applicable Law.

(c) Upon completion and acceptance by the City, the Public Improvements, Drainage Improvements and City Improvements shall be owned by the City and shall be maintained by the City.

ARTICLE III

PUBLIC IMPROVEMENT DISTRICT

Section 3.01. Creation.

The Developer has requested the creation of a PID over the Property, and has submitted a petition to the City that contain a list of the Public Improvements to be financed by the PID and the estimated or actual costs of such Public Improvements in the PID. By resolution, the City accepted such petition by resolution and scheduled a public hearing to consider the creation of the PID in accordance with the PID Act. Developer has entered into professional services payment agreement that obligates Developer to fund the costs of the City's professionals relating to the creation of the PID, the levy of Assessments in the PID and any PID Bond financing costs, which amount shall be considered a cost payable from PID Bond Proceeds.

Section 3.02. Issuance of PID Bonds.

(a) Subject to the terms and conditions set forth in this Article III, the City intends to authorize the issuance of PID Bonds in one or more series up to an aggregate principal amount of \$100,000,000 to pay for or reimburse the Public Improvements Project Costs. The Public Improvements to be constructed or acquired and paid or reimbursed in connection with the PID

Bonds are detailed in Exhibit C, which may be amended from time to time, and shall be as set forth in the Service and Assessment Plan for the PID or any updates thereto. The net proceeds from the sale of each series of PID Bonds, including but not limited to, net of costs and expenses of issuance of each series of PID Bonds and amounts for debt service reserves and capitalized interest, will be used to pay or reimburse the Public Improvement Project Costs. Notwithstanding anything in this Agreement, the issuance of PID Bonds and the levy of Assessments are discretionary governmental actions by the City Council and subject to the City's approval and the issuance of PID Bonds is also subject to market conditions at the time of issuance. The issuance of PID Bonds and the levy of Assessments is an action to be taken by a future City Council and such future City Council shall not be bound by the terms of this Agreement with respect to the issuance of PID Bonds and the levy of Assessments.

(b) Each series of PID Bonds shall be issued with the terms deemed appropriate by the City Council at the time of issuance, if at all.

(c) The following conditions must be satisfied prior to the City's consideration of the sale of PID Bonds:

(i) The Developer shall have requested, in writing, the issuance of PID Bonds;

(ii) The Developer shall have submitted to the City all requested and required information necessary to evaluate a PID Bond issuance for each Phase and to accomplish the levy of Assessments and the issuance of PID Bonds, which information shall include:

A. For the Property, total acreage of commercial property, open space, multi-family property, non-developable property (by Phase if applicable) for which Assessments are to be levied;

B. Engineers' opinion of probable costs (dated within the last 3 months prior to submission) for all improvements within the Phase for which Assessments are to be levied;

C. Break out of total offsite costs to serve the Phase for which Assessments are to be levied;

D. Break out of total oversizing costs of improvements within the Phase for which Assessments are to be levied;

E. Breakout of phased costs for all phases versus major improvement cost within the applicable PID;

F. Assumptions for number of lots

1. Total number of lots by type;

2. Total estimated value per lot;

3. Total estimated value of lots by use;

4. The values provided in 1-3 above based on phasing plan/absorption schedule

G. Map of Property and TIRZ Property

H. Proposed Concept Plan

1. With construction phasing identified by map and cost

2. Location of any open space maintained by POA

3. Total acreage of open space maintained by POA

4. Map/locations of improvements to be financed by the applicable PID

5. Onsite improvements by Phase

6. Offsite improvements by Phase

I. Final private costs (not including the public improvement costs) to reach completed lots (i.e., final lot benching, stabilization, etc.)

(iii) The maximum aggregate par amount of the PID Bonds to be issued by the City shall not exceed \$100,000,000.

(iv) The Assessments shall have been levied at the amount requested by the Developer up to a maximum "tax rate" for each Phase including the projected annual assessment, that shall not (i) exceed \$3.05 per \$100 of assessed value at the time of the levy of the Assessment on each PID Phase based on the Estimated Build Out Value of each parcel such rate limit for each PID Phase as determined at the time of the levy of the Assessments applies on an individual assessed parcel basis by Lot Type based on Estimated Build Out Value; (ii) exceed the City Tax Increment for each year available for application against the Annual Installment as set forth in the SAP, or (iii) exceed the value to lien ratios as set forth below. The Parties acknowledge and agree that the \$3.05 maximum "tax rate" set forth above assumes no changes in the taxing rates of other taxing jurisdictions within the applicable PID and that should other taxing jurisdictions adjust their tax rates, the \$3.05 maximum "tax rate" will not be reached.

(v) the total assessment value to lien ratio is at least 2:1 at the time of the levy of assessments for phase specific improvements and a total assessment value to lien ratio is at least 2:1 at the time of the levy of assessments for major improvements, and the total assessment value to lien ratio of each series of PID Bonds for each PID Phase is at least 2:1 at the time of the issuance of PID Bonds for phase specific improvements in each PID Phase and 2:1 at the time of the issuance of PID Bonds for major improvements; such values shall be confirmed by appraisal from licensed MAI appraiser. The City may agree to a lower value to lien ratio.

(vi) The Developer or its Affiliates, or any Subsequent Owner, shall own all property within the PID (or in each PID Phase, if applicable) prior to the levy of Assessments for such PID Phase, or have otherwise complied with Section 3.05 herein. The City shall not levy Assessments without a consent to the creation of the PID and the levy of Assessments from each property owner within the area to be assessed by the City.

(vii) No Event of Default by the Developer has occurred or no event has occurred which but for notice, the lapse of time or both, would constitute an Event of Default by the Developer pursuant to this Agreement, except that if an Event of Default has occurred and has been cured by the Developer, it shall not prevent the issuance of PID Bonds by the City;

(viii) The PID Bonds must be marketable by a reputable underwriter to a reputable purchaser at a reasonable rate of interest as determined by the City's financial advisor.

(ix) PID bonds may not be issued through a third-party conduit and all PID bond issues must be approved by the Texas Attorney General;

(x) The Developer shall have agreed to any continuing disclosure requirements required by the Underwriter or by the purchasers of the PID Bonds and shall be current in all past continuing disclosure obligations.

(d) In no event shall the Developer be paid and/or reimbursed from PID Bond Proceeds or Assessment revenues for all Public Improvement Project Costs in an amount in excess of the Project Cost Cap.

Section 3.03. Developer Cash Contribution.

(a) At closing on any series of PID Bonds intended to fund construction of Public Improvements, if the PID Bond Proceeds are not sufficient to pay the Public Improvement Project Costs for the Phase to which such PID Bond Proceeds relate, the Developer shall be required to provide the following to fund the difference between the Public Improvement Costs for each PID Phase and the amount of PID Bond Proceeds available for such PID Phase and minus any approved Developer expenditures of Public Improvement Project Costs for such PID Phase as confirmed and approved by the City or its PID administrator (the "Deficit") as illustrated below:

Total Amount of Public Improvement Project Costs of the PID Phase being finance by Bond Proceeds
- PID Bond Proceeds deposited to Project Fund
- <u>Verified and approved Developer expenditures of Public Improvement Project Costs for the PID Phase</u>
= Total amount of Deficit

(b) The determination of the amount of the Deficit shall be estimated prior to pricing of each series of PID Bonds and shall be finalized within five (5) days of pricing of each series of PID Bonds.

(c) To fund the Deficit, the Developer must provide one or more of the following:

(i) A deposit of cash in the amount of Deficit to a designated account under the applicable Indenture from which funds may be drawn to pay the Public Improvement Project Costs for such Phase. Any required cash deposit shall be provided at closing of the applicable series of PID Bonds.

(ii) satisfactory evidence to the City that Developer has sufficient available funds to finance as the Deficit for the Public Improvement Project Costs not to be financed by applicable series of PID Bond Proceeds. Such satisfactory evidence may consist of:

A. A closed loan with a local bank or financial institution, acceptable to the City and its financial advisor. A representative for the City shall have access to such loan documentation for review.

B. A letter of credit with a financial institution in favor of the City to allow for withdrawal by the City without condition, in a form acceptable to the City and its financial advisor. A representative for the City shall have access to such letter of credit documentation for review.

(d) No PID Bond Proceeds shall be released to the Developer until evidence of funding of the Deficit has been provided.

Section 3.04. Apportionment and Levy of Assessments.

(a) In order to be reimbursed from Assessments or from PID Bond Proceeds, a Reimbursement Agreement must be entered into prior to the acceptance of the Public Improvements. The City's apportionment and levy of Assessments shall be made in accordance with the PID Act. The City shall remit the draft Service and Assessment Plan or any amendment thereto to the Developer for review at least two (2) weeks prior to its consideration by City Council.

(b) Concurrently with the levy of the Assessments on each PID Phase, the Developer and its Affiliates shall execute and deliver a Landowner Consent in the form attached as Exhibit E for all land owned or controlled by Developer or its Affiliates, or otherwise evidence consent to the creation of the PID and the levy of Assessments therein and shall record evidence and notice of the Assessments in the real property records of Harris County. The City shall not levy Assessments on property within the PID without an executed Landowner Consent from each landowner within the PID whose property is being assessed.

Section 3.05. Transfer of Property. Other than the sale of the Property to the Developer, notwithstanding anything to the contrary contained herein, no sale of property within the PID (or in a PID Phase, if applicable) in which Assessments are to be levied, shall occur prior to the City's levy of Assessments in the PID (or PID Phase) unless the Developer provides the City with an executed consent to the creation of the PID and the levy of Assessments, in a form acceptable to the City with respect to the purchased property. In addition, evidence of any transfer of property in the PID prior to the levy of Assessments on such property shall be provided to the City prior to the levy of Assessments on such property. The City shall require consent of each subsequent owner of Assessed Property in the PID to the levy of Assessments on each property and to the

creation of the PID prior to Assessments being levied on such owner's property. The Developer understands and acknowledges that evidence of land transfer, the execution of the Landowner Consent, appraisal district certificate and property record recording will be required from each owner of Assessed Property in order to levy the Assessments and shall require the consent of the purchased property owner in any land sale contract. The Developer shall provide all necessary documentation to the City with respect to any land transfers.

Section 3.06. City Participation in Drainage Improvements.

(a) The City has available bond funds for the construction or reimbursement of the Drainage Improvements as set forth in Exhibit I up to a maximum amount of \$5,000,000, which amounts will not be paid or reimbursed from the PID or the TIRZ unless approved by the City. The Parties acknowledge that any costs spent for the Drainage Improvement prior to the execution of this Agreement shall be eligible for reimbursement by the City provided that such expenditures comply with City Regulations and the PUD. The City intends to contribute such funds during construction of the drainage improvement within the PID. The design and construction of the Drainage Improvements shall be pursuant to City Regulations and approved by the City, as shall any bid for such Drainage Improvements, if required by applicable law. The timing and manner of such contribution shall be as set forth below as may be modified by the City.

(b) The City shall authorize reimbursement of the Drainage Improvements existing drainage bond proceeds. The Developer shall submit a Drainage Payment Certificate to the City for reimbursement for the costs of the Drainage Improvements, which request shall include invoices, contracts, Waivers of Liens or any other information requested by the City that is customary for the City to review prior to payment of any public improvement cost. Prior to any payment or reimbursement, all Plans and Specification associated with the Drainage Improvement have been approved by the City. The City shall review the sufficiency of each Drainage Payment Certificate with respect to compliance with this Agreement, compliance with the City Regulations, the Concept Plan and Applicable Law, within thirty (30) business days of receipt from the Developer. After review, the City shall send notice to the Developer of what is approved in each Drainage Payment Certificate and what is denied and will notify Developer of additional documentation needed. Approved costs in a Drainage Payment Certificate shall be forwarded for payment in a timely manner and the City will work with the Developer to resolve amounts not approved in each request.

Section 3.07. City Improvements. The Developer shall design, construct and install the City Improvements as set forth in Exhibit K attached hereto and the City shall reimburse the Developer for the Actual Costs of the City Improvements from Assessment Revenues, PID Bond Proceeds or TIRZ Revenues, as available, up to the amounts set forth for the City improvements in the Service and Assessment Plan or TIRZ Project and Finance Plan, as applicable.

Section 3.08. Fire Station Condo Regime. The City must approve the condominium regime and condominium documents relating to the subdivision of the fire station parcel before filing in the real property records of the County, and the City will not accept ownership or

dedication of the fire station or reimburse or pay for costs of the City fire station from TIRZ Revenues until such condominium regime is filed in the real property records of the County.

ARTICLE IV TIRZ

Section 4.01. Tax Increment Reinvestment Zone.

(a) The City has created a tax increment reinvestment zone pursuant to and in accordance with the TIRZ Act. The Property within the boundaries of the TIRZ Property. The City shall create an account within the TIRZ Fund into which the City Tax Increment from the TIRZ Property within the PID shall be deposited (the “City Center Account”) up to the TIRZ Cap.

Section 4.02. Flow of Funds in District TIRZ Account. The City Tax Increment collected within the TIRZ up to the TIRZ Cap, shall be deposited as follows:

(i) First, to subsidize Assessments in each year for the PID (or each PID Phase, if applicable) in order to lower the Annual Installments of the Assessments the PID (or PID Phase) to a level that produces an overall tax equivalent tax rate equal to the rate set forth in the Service and Assessment Plan for each parcel within the PID (or PID Phase) as defined in the Service and Assessment Plan; and

(ii) Second, to pay the City administrative costs relating to the TIRZ, including any reasonable third-party administrative costs, including the payment of any Assessments levied on City owned property;

(iii) Third, to reimburse the Developer for the City Improvements not otherwise paid from Assessments or PID Bond Proceeds;

(iv) Fourth, the City for any lawful purpose.

Section 4.03. Duration of TIRZ Revenue.

(a) Deposits of the City Tax Increment shall continue into the City Center Account until (i) the final maturity of all outstanding PID Bonds, (ii) the TIRZ Cap has been reached, or (iii) the expiration of the term of the TIRZ.

Section 4.04. Refunding of PID Bonds.

(a) Upon the refunding of any series of PID Bonds, any reduction in the assessments for such PID Bonds shall mean a dollar-for-dollar reduction in any TIRZ credit allocated to such PID Bonds.

Section 4.05. TIRZ Fund.

In accordance with the TIRZ Project and Finance Plan, the City Tax Increment shall be deposited to the applicable account of the TIRZ Fund annually, after adoption of the ordinance creating the TIRZ.

ARTICLE V

DEVELOPMENT

Section 5.01. Full Compliance with City Standards.

Development and use of the Property by Developer and its Affiliates, and any Subsequent Owner, including, without limitation, the construction, installation, maintenance, repair, and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the then current applicable City Regulations and with the Concept Plan.

Section 5.02. Planned Development. As consideration for the City's obligations under this Agreement and in consideration for the reimbursement of the Public Improvement Project Costs, the City Improvements costs, and the Drainage Improvement costs, the Developer agrees that its development and use of the Property or the development and use of the Property by Subsequent Owners, including, without limitation, the construction, installation, maintenance, repair and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with the City Regulations and the Concept Plan Any changes to the Concept Plan attached hereto must be approved by the City; provided, however, that any changes to the Concept Plan approved by the City through its regulatory functions shall be deemed to have amended the Concept Plan attached hereto.

Section 5.03. Property Acquisition. With the exception of the acquisition of easement rights as set forth in Article VI hereof, the Parties acknowledge that the Developer is responsible for the acquisition of certain off-site property rights and interests to allow the Public Improvements to be constructed to serve the Property. If any portion of the Property is transferred to a Subsequent Owner, such Subsequent Owner shall be required by the Developer to allow Developer to construct the Public Improvements to serve the Property. The City agrees to allow Developer (or a Subsequent Owner, if approved by the City) the use of any City easements, rights of way or owned property as is reasonably necessary for the construction and installation of the Public Improvements. If the Developer is unable to obtain such third-party rights-of-way, consents, or easements, within 90 days of commencing efforts to obtain the needed rights-of-way, consents, or easements, the City agrees to consider the acquisition of such property (subject to City Council authorization after a finding of public necessity), at Developer's cost, through the use of the City's power of eminent domain. Developer shall be responsible for funding all reasonable and necessary legal proceeding/litigation costs, attorney's fees and related expenses, and appraiser and expert witness fees actually incurred by the City in the exercise of its eminent domain powers, such costs to be paid by the Developer pursuant to the Professional Services Agreement prior to any taking of land by the City.

Section 5.04. Conflicts. In the event of any conflict between this Agreement and any City Regulations, this Agreement shall control.

ARTICLE VI

DEVELOPMENT CHARGES

Section 6.01. Fees. Development of the Property and the TIRZ Property shall be subject to payment to the City of fees charged pursuant to the City Regulations.

ARTICLE VII

DEVELOPMENT SPECIFIC REQUIREMENTS

Section 7.01. Compliance with PUD. The Developer will comply with the terms of the PUD and the Phasing Plan.

ARTICLE VIII

CONSTRUCTION OF THE PUBLIC IMPROVEMENTS, DRAINAGE IMPROVEMENTS AND CITY IMPROVEMENTS

Section 8.01. Designation of Construction Manager, Construction Engineers.

(a) Prior to construction of any Public Improvement, Developer shall make, or cause to be made, application for any necessary permits and approvals required by City and any applicable Governmental Authority to be issued for the construction of the Public Improvements, Drainage Improvements and City Improvements and shall obligate each general contractor, architect, and consultants who work on the Public Improvements, Drainage Improvements and City Improvements to obtain all applicable permits, licenses or approvals as required by Applicable Law. The Developer shall require or cause the design, inspection and supervision of the construction of the Public Improvements, Drainage Improvements and City Improvements to be undertaken in accordance with City Regulations, the Concept Plan and Applicable Law.

(b) The Developer shall design and construct or cause the design and construction of the Public Improvements, Drainage Improvements and City Improvements, together with and including the acquisition, at its sole costs, of any and all easements or fee simple title to such land necessary to provide for and accommodate the Public Improvements, Drainage Improvements and City Improvements.

(c) Developer shall comply, or shall require its contractors to comply, with all local and state laws and regulations, including the City Regulations, regarding the design and construction of the Public Improvements, Drainage Improvements and City Improvements applicable to similar facilities constructed by City, including, but not limited to, the requirement for payment, performance and two- year maintenance bonds for the Public Improvements, Drainage Improvements and City Improvements at 100%.

(d) Upon Completion of Construction of the Public Improvements, Drainage Improvements and City Improvements, Developer shall provide or cause to be provided a final cost summary of all Public Improvement Project Costs incurred and paid associated with the construction of that portion of the Public Improvements, Drainage Improvements and City Improvements and provide proof that all amounts owing to contractors and subcontractors have been paid in full evidenced by the “all bills paid” affidavits, Waiver of Liens and lien releases executed by Developer and/or its contractors with regard to that portion of the Public Improvements, Drainage Improvements and City Improvements. Evidence of payment to the applicable contractors and subcontractors shall be provided prior to the reimbursement of the costs of any portion of the Public Improvements, Drainage Improvements and City Improvements.

(e) Developer agrees to require the contractors and subcontractors or Subsequent Owners which construct the Public Improvements, Drainage Improvements and City Improvements to provide payment, performance and two-year maintenance bonds in forms reasonably satisfactory to the City Attorney. Any surety company through which a bond is written shall be a surety company duly authorized to do business in the State of Texas, provided that the City Attorney has the right to reasonably reject any surety company regardless of such company’s authorization to do business in Texas. Evidence of payment and performance bonds shall be delivered to the City prior to Commencement of Construction of any such Public Improvements, Drainage Improvements and City Improvements.

(f) Unless otherwise approved in writing by the City, all Public Improvements, Drainage Improvements and City Improvements shall be constructed and dedicated to the City in accordance with City Regulations and Applicable Law. The Public Improvements, Drainage Improvements and City Improvements within each Phase shall reach Completion of Construction by the Public Improvement Completion Date.

(g) The Developer shall dedicate or convey or cause to be dedicated or conveyed by final plat or separate instrument, without cost to the City and in accordance with the Applicable Law, all property rights (which may be an easement) necessary for the construction, operation, and maintenance of the road, water, drainage, and sewer Public Improvements, Drainage Improvements and City Improvements, at the completion of the Public Improvements, Drainage Improvements and City Improvements and acceptance by the City.

Section 8.02. Construction Agreements. The Construction Agreements shall be let in the name of the Developer. The Developer’s engineers shall prepare and provide, or cause the preparation and provision of all contract specifications and necessary related documents. The Developer shall provide all construction documents for the Public Improvements, Drainage Improvements and City Improvements and shall acknowledge that the City has no obligations and liabilities thereunder. The Developer shall include a provision in the construction documents for the Public Improvements, Drainage Improvements and City Improvements that the contractor will

indemnify the City and its officers and employees against any costs or liabilities thereunder, as follows:

CITY OF FRIENDSWOOD, TEXAS ("CITY") SHALL NOT BE LIABLE OR RESPONSIBLE FOR, AND SHALL BE INDEMNIFIED, HELD HARMLESS AND RELEASED BY CONTRACTOR FROM AND AGAINST ANY AND ALL SUITS, ACTIONS, LOSSES, DAMAGES, CLAIMS, OR LIABILITY OF ANY CHARACTER, TYPE, OR DESCRIPTION, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS, AND ATTORNEY'S FEES, FOR ANY LOSS, DAMAGE, INJURY OF ANY KIND OR CHARTER, INCLUDING DEATH, TO ANY PERSON, ENTITY, OR PROPERTY ARISING OUT OF OR OCCASIONED BY, DIRECTLY OR INDIRECTLY, THE PERFORMANCE OF CONTRACTOR UNDER THIS CONTRACT, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. THE PROVISIONS OF THIS INDEMNIFICATION ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY. IT IS THE EXPRESSED INTENT OF THE PARTIES TO THIS CONTRACT THAT THE INDEMNITY PROVIDED FOR IN THIS CONTRACT IS AN INDEMNITY EXTENDED BY CONTRACTOR TO INDEMNIFY AND PROTECT CITY FROM THE CONSEQUENCES OF THE CONTRACTOR'S ACTS, INCLUDING NEGLIGENCE, WHETHER SUCH ACTS OR NEGLIGENCE IS THE SOLE OR PARTIAL CAUSE OF ANY SUCH INJURY, DEATH, OR DAMAGE. CONTRACTOR AGREES TO INDEMNIFY, DEFEND, AND SAVE CITY HARMLESS FROM ALL CLAIMS RELATING TO THE SOLE OR CONCURRENT NEGLIGENCE OF THE CONTRACTOR OR RELATING TO ANY DEMANDS OF SUBCONTRACTORS, LABORERS, WORKMEN, MECHANICS, MATERIALMEN, OR SUPPLIERS OF MACHINERY AND PARTS THEREOF, EQUIPMENT, POWER

TOOLS, OR SUPPLIES OBTAINED IN FURTHERANCE OF THE PERFORMANCE OF THIS AGREEMENT.

The Developer or its designee shall administer the contracts. The Public Improvement Project Costs, which are estimated on Exhibit C, shall be (i) paid by the Developer or caused to be paid by the Developer, and reimbursed by the Assessments levied pursuant to the terms of a Reimbursement Agreement or (ii) paid from the proceeds of PID Bonds issued to pay the Public Improvement Project Costs.

(a) The following requirements apply to Construction Agreements for Public Improvements, Drainage Improvements and City Improvements:

(i) Plans and specifications shall comply with all Applicable Law, and City Regulations and all Plans and Specification shall be reviewed and approved by the City prior to the issuance of permits. The City shall have thirty (30) business days from its receipt of the first submittal of the Plans and Specifications to approve or deny the Plans and Specifications or to provide comments to the submitter. If any approved Plans and Specifications are amended or supplemented, the City shall have thirty (30) business days from its receipt of such amended or supplemented Plans and Specifications to approve or deny the Plans and Specification or provide comments back to the submitter. Any written City approval or denial must be based on compliance with applicable City Regulations or other regulatory agencies that have jurisdiction over the Development.

(ii) Each Construction Agreement shall provide that the contractor is an independent contractor, independent of and not the agent of the City and that the Contractor is responsible for retaining, and shall retain, the services of necessary and appropriate architects and engineers; and

(iii) Each Construction Agreement for improvements not yet under construction shall provide that the Contractor shall indemnify the City, its officers and employees for any costs or liabilities thereunder and for the negligent acts or omissions of the Contractor.

(b) City's Role: Public Improvements, Drainage Improvements and City Improvements.

The City shall have no responsibility for the cost of planning, design, engineering construction, furnishing/equipping the Public Improvements, Drainage Improvements and City Improvements (before, during or after construction) except to the extent of the reimbursement the Actual Costs of the Public Improvements, Drainage Improvements and City Improvements as set forth in this Agreement. The Developer will not hold the City responsible for any costs of the Public Improvements, Drainage Improvements and City Improvements other than the reimbursements described in this Agreement. The City shall have no liability for any claims that may arise out of design or construction of the Public Improvements, Drainage Improvements and City Improvements, and the Developer shall cause all of its contractors, architects, engineers, and consultants to agree in writing that they will look solely to the Developer, not to the City, for payment of all costs and valid claims associated with construction of the Public Improvements, Drainage Improvements and City Improvements.

Section 8.03. Project Scope Verification.

(a) The Developer will from time to time, as reasonably requested by the City Representative, verify to the City Representative that the Public Improvements, Drainage Improvements and City Improvements are being constructed in accordance with the Plans and Specifications approved by the City. To the extent the City has concerns about such verification that cannot be answered by the Developer, to the City's reasonable satisfaction, the Developer will cause the appropriate architect, engineer or general contractor to consult with the Developer and the City regarding such concerns.

Section 8.04. Joint Cooperation; Access for Planning and Development.

During the planning, design, development and construction of the Public Improvements, Drainage Improvements and City Improvements, the parties agree to cooperate and coordinate with each other, and to assign appropriate, qualified personnel to this project. The City staff will make reasonable efforts to accommodate urgent or emergency requests during construction. In order to facilitate a timely review process, the Developer shall use commercially reasonable efforts to cause the architect, engineer and other design professionals to attend City meetings if requested by the City, such commercially reasonable efforts to include providing that such attendance is required in its contracts with the architect, engineer and other design professionals.

Section 8.05. City Not Responsible.

By performing the functions described in this Article, the City shall not, and shall not be deemed to, assume the obligations or responsibilities of the Developer, whose obligations under this Agreement and under Applicable Law shall not be affected by the City's exercise of the functions described in this Article. The City's review of any Plans and Specifications is solely for the City's own purposes, and the City does not make any representation or warranty concerning the appropriateness of any such Plans and Specifications for any purpose. The City's approval of (or failure to disapprove) any such Plans and Specifications, including the Concept Plan submitted with such Plans and Specifications and any revisions thereto, shall not render the City liable for same, and the Developer assumes and shall be responsible for any and all claims arising out of or from the use of such Plans and Specifications.

Section 8.06. Construction Standards and Inspection.

The Public Improvements, Drainage Improvements and City Improvements will be installed within the public right-of-way or in easements granted to the City. Such easements may be granted at the time of final platting in the final plat or by separate instrument. The Public Improvements, Drainage Improvements and City Improvements shall be constructed and inspected in accordance with applicable state law, and City Regulations, and all other applicable development requirements, including those imposed by any other governing body or entity with jurisdiction over the Public Improvements, Drainage Improvements and City Improvements, and this Agreement, provided, however, that if there is any conflict, the City Regulations of the governing body or entity with jurisdiction over the Public Improvement being constructed shall control.

Section 8.07. Public Improvements, Drainage Improvements and City Improvements to be Owned by the City – Title Evidence.

The Developer shall furnish to the City a preliminary title report for land with respect to the Public Improvements, Drainage Improvements and City Improvements, including any related rights-of-way, easements, and open spaces if any, to be acquired and accepted by the City or by any other governmental entity from the Developer and not previously dedicated or otherwise conveyed to the City, for review and approval at least 30 calendar days prior to the transfer of title of a Public Improvement to the City. The City Representative shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's use and enjoyment of any part of the property or easement covered by the preliminary title report. In the exercise of reasonable judgment, the City Representative shall review the title report using their normal and customary review process for an easement and shall only object to matters in the title report if they would do so for any other easement granted directly to the City or to be obtained by the City for a public improvement. In the event the City Representative does not approve the preliminary title report, the City shall not be obligated to accept title to the Public Improvement until the Developer has cured such objections to title to the satisfaction of the City Representative.

Section 8.08. Public Improvement Constructed on City Land or the Property.

If the Public Improvement is on land owned by the City, the City hereby grants to the Developer a temporary easement to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Public Improvement. If the Public Improvement is on land owned by the Developer or a Subsequent Owner, the Developer shall dedicate easements by plat or cause such dedication by a Subsequent Owner, or shall execute and deliver to the City or cause such execution and delivery by the Subsequent Owner, such access and maintenance easements as the City may reasonably require in recordable form, and the Developer hereby grants or causes a Subsequent Owner to grant to the City a permanent access and maintenance easement by plat or separate instrument to enter upon such land for purposes related to inspection and maintenance of the Public Improvement. All easements must be acceptable to the City. The grant of the permanent easement shall not relieve the Developer of any obligation to grant, or cause the granting to the City, title to property and/or easements related to the Public Improvement as required by this Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Public Improvement. The provisions for inspection and acceptance of such Public Improvement otherwise provided herein shall apply.

Section 8.09. Additional Requirements.

In connection with the design and construction of the Public Improvements, Drainage Improvements and City Improvements, the Developer shall take or cause the following entities or persons to take the following actions and to undertake the following responsibilities:

(a) The Developer shall provide to the City electronic copies of the Plans and Specifications for the Public Improvements, Drainage Improvements and City Improvements (including revisions) as such Plans and Specifications are currently in existence and as completed

after the date hereof and shall provide the City one complete set of record drawings (in electronic format) for the Public Improvements, Drainage Improvements and City Improvements, in accordance with Applicable Law;

(b) In accordance with the requirements between the Developer and the City with regard to the development and construction of the Public Improvements, Drainage Improvements and City Improvements, the Developer or such person selected by and contracting with the Developer shall provide the City with a copy of the detailed construction schedule outlining the major items of work of each major construction contractor, and any revisions to such schedule;

(c) The Developer shall provide construction documents, including the Plans and Specifications to the City, signed and sealed by one or more registered professional architects or engineers licensed in the State of Texas at the time the construction documents are submitted to the City for approval;

(d) The Developer shall provide the City with reasonable advance notice of any scheduled construction meetings as set forth in the construction contracts for the Public Improvements, Drainage Improvements and City Improvements, and shall permit the City to attend and observe such meetings as the City so chooses in order to monitor the project;

(e) The Developer or any general contractor shall comply with, and shall require that its agents and subcontractors comply with, all Applicable Laws regarding the use, removal, storage, transportation, disposal and remediation of hazardous materials;

(f) The Developer or any general contractor shall notify and obtain the City's approval for all field changes that directly result in changes to the portion of the Plans and Specifications for the Public Improvements, Drainage Improvements and City Improvements that describe the connection of such improvements with City streets, storm sewers and utilities;

(g) Upon notice from the City, the Developer shall or shall cause any general contractor to promptly repair, restore or correct, on a commercially reasonable basis, all damage caused by the general contractor or its subcontractors to property or facilities of the City during construction of the Public Improvements, Drainage Improvements and City Improvements and to reimburse the City for out-of-pocket costs actually incurred by the City that are directly related to the City's necessary emergency repairs of such damage;

(h) Upon notice from the City, the Developer shall promptly cause the correction of defective work and shall cause such work to be corrected in accordance with the construction contracts for the Public Improvements, Drainage Improvements and City Improvements and with City Regulations;

(i) If the Developer performs any soils, construction and materials testing during construction of the Public Improvements, Drainage Improvements and City Improvements, the Developer shall make available to the City copies of the results of all such tests; and

(j) If any of the foregoing entities or persons shall fail to perform any of its obligations described above (or elsewhere under this Agreement), the Developer shall use its good faith efforts

to enforce such obligations against such entities or persons, or the Developer may cure any material failure of performance as provided herein; and

(k) The Developer shall provide any other information or documentation or services required by City Regulations; and

(l) The Developer shall allow the City Representative to conduct a reasonable pre-final and final inspection of the Public Improvements, Drainage Improvements and City Improvements. Upon acceptance by the City of the Public Improvements, Drainage Improvements and City Improvements, the City shall become responsible for the maintenance of the Public Improvements, Drainage Improvements and City Improvements and making any bond or warranty claim, if applicable.

Section 8.10. Revisions to Scope and Cost of Public Improvements, Drainage Improvements and City Improvements.

(a) The Public Improvement Project Costs, as set forth in Exhibit C, may be modified or amended from time to time upon the approval of the City Representative, provided that the total cost of the Public Improvements shall not exceed such amounts as set forth in the applicable SAP or the Project and Financing Plan. Should the Public Improvements be amended by the City Council in a SAP pursuant to the PID Act, the City Representative shall be authorized to make corresponding changes to the applicable Exhibits attached hereto and shall keep official record of such amendments.

(b) Should the Public Improvement Project Costs exceed the amounts set forth in the SAP, the Developer shall be responsible for such excess costs and such excess costs shall not be reimbursed by the City. The City shall only reimburse the Public Improvement Project Costs in the amounts set forth in the SAP.

(c) Any Actual Costs of the City Improvements in excess of the amounts set forth in the SAP or the TIRZ Project and Finance Plan shall not be subject to reimbursement to the Developer.

Section 8.11. City Police Powers.

The Developer recognizes the authority of the City pursuant to the Texas Constitution together with the City's charter and ordinances to exercise its police powers in accordance with Applicable Laws to protect the public health, safety, and welfare. The City retains its police powers over the Developer's or its general contractor's construction activities on or at the Property, and the Developer recognizes the City's authority to take appropriate enforcement action in accordance with Applicable Law to provide such protection. No lawful action taken by the City pursuant to these police powers shall subject the City to any liability under this Agreement, including without limitation liability for costs incurred by any general contractor or the Developer, and as between the Developer and the City, any such costs shall be the sole responsibility of the Developer and any of its general contractors and shall not be reimbursable from PID Bond Proceeds.

Section 8.12. Title and Mechanic's Liens.

(a) Title. The Developer agrees that the Public Improvements, Drainage Improvements and City Improvements shall not have a lien or cloud on title upon their dedication to and acceptance by the City.

(b) Mechanic's Liens. Developer shall not create nor allow or permit any liens, encumbrances, or charges of any kind whatsoever against the Public Improvements, Drainage Improvements and City Improvements arising from any work performed by any contractor by or on behalf of the Developer. The Developer shall not permit any claim of lien made by any mechanic, materialman, laborer, or other similar liens to stand against the Public Improvements, Drainage Improvements and City Improvements for work or materials furnished to the Developer in connection with any construction, improvements, renovation, maintenance or repair thereof made by the Developer or any contractor, agent or representative of the Developer. The Developer shall cause any such claim of lien to be fully discharged prior to the earlier of (i) the date of acceptance of the applicable Public Improvement by the City of the related Public Improvement or (ii) 180 days.

Section 8.13. City Consents.

Any consent or approval by or on behalf of the City required in connection with the design, construction, improvement or replacement of the Public Improvements, Drainage Improvements and City Improvements or otherwise under this Agreement shall not be unreasonably withheld, delayed, or conditioned. Any review associated with any determination to give or withhold any such consent or approval shall be conducted in a timely and expeditious manner with due regard to the cost to the Developer associated with delay.

Section 8.14. Right of the City to Make Inspection.

(a) At any time during regular business hours during the construction of the Public Improvements, Drainage Improvements and City Improvements, the City shall have the right to enter the Property for the purpose of inspection of the progress of construction on the Public Improvements, Drainage Improvements and City Improvements; provided, however, the City Representative shall comply with reasonable restrictions generally applicable to all visitors to the Development that are imposed by the Developer or its General Contractor or subcontractors. The Developer shall pay the standard City inspection fees or the City's cost for the retention of a third-party inspector, whichever is applicable.

(b) Inspection of the construction of all Public Improvements, Drainage Improvements and City Improvements shall be by the City Representative or his/her designee. In accordance with Sections 5.03, the Developer shall pay the inspection fee which may be included as a Public Improvement Project Cost.

(c) City may enter the Property in accordance with customary City procedures and Applicable Law to make any repairs or perform any maintenance of Public Improvements, Drainage Improvements and City Improvements which the City has accepted for maintenance. If, during construction of the Public Improvements, Drainage Improvements and City Improvements, the Developer is in default under this Agreement beyond any applicable cure period or in the event

of an emergency which is not being timely addressed, the City may enter the Property to make any repairs to the Public Improvements, Drainage Improvements and City Improvements that have not been accepted for maintenance by the City, of every kind or nature, which the Developer is obligated under this Agreement to repair or maintain but which the Developer has failed to perform after the City's written thirty (30)-day notice (other than in the case of an emergency in which notice is impossible or impractical). The Developer shall be obligated to reimburse the City the reasonable costs incurred by the City for any such repairs. Nothing contained in this paragraph shall be deemed to impose on the City any obligation to actually make repairs or alterations on behalf of the Developer.

Section 8.15. Competitive Bidding. The construction of the Public Improvements (which are funded from Assessments) is anticipated to be exempt from competitive bidding pursuant to Texas Local Government Code Section 252.022(a)(9). In the event that the Actual Costs of the Public Improvement do not meet the parameters for exemption from the competitive bid requirement, then either competitive bidding or alternative delivery method may be utilized by the Developer as allowed by Applicable Law.

ARTICLE IX

PAYMENT OF PUBLIC IMPROVEMENTS

Section 9.01. Overall Requirements.

(a) The City shall not be obligated to provide funds for any Public Improvement, except from the proceeds of the PID Bonds or from Assessments pursuant to a Reimbursement Agreement or TIRZ Revenues. The City makes no warranty, either express or implied, that the proceeds of the PID Bonds available for reimbursement of the Public Improvement Project Costs will be sufficient for the construction or acquisition of all of the Public Improvements or the City Improvements, to the extent applicable. Any costs of the Public Improvements in excess of the available PID Bond Proceeds or Assessments pursuant to a Reimbursement Agreement may be paid or reimbursed by the City from TIRZ Revenues up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. Any costs of the City Improvements in excess of the amounts set forth in the Service and Assessment Plan shall be reimbursed from TIRZ Revenues, up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. Any costs of the Drainage Improvements in excess of the City's \$5,000,000 shall be reimbursed from TIRZ Revenues, up to the amount set forth in the TIRZ Project and Finance Plan or the TIRZ Cap. The Developer acknowledges and agrees that any lack of availability of monies in the Project Funds established under the Indentures to reimburse the costs of the Public Improvements shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Public Improvements required by this Agreement, or any other agreement to which the Developer is a party, or any governmental approval to which the Developer or Property is subject.

(b) The City's obligation with respect to the reimbursement from Assessments of the Public Improvement Project Costs as finally set forth in the Service and Assessment Plan, shall be limited to the lower of Actual Costs or the available Net PID Bond Proceeds or Assessment revenues, and shall be reimbursed solely from amounts on deposit in the Project Funds from the sale of the PID Bonds as provided herein and in the Indentures, or from Assessments collected for

the reimbursement or payment of such costs pursuant to Reimbursement Agreement. The Developer agrees and acknowledges that it is responsible for all costs and all expenses related to the Public Improvements in excess of the Project Cost Cap.

(c) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment. Any such loss may diminish the amounts available in the Project Fund to reimburse the Public Improvement Project Costs in the PID. The obligation of Developer to pay the Assessments is not in any way dependent on the availability of amounts in the Project Fund to pay for all or any portion of the Public Improvements Project Costs hereunder.

Section 9.02. Remaining Funds after Completion of a Public Improvement.

The Service and Assessment Plan shall be updated or amended, as applicable, such that the costs of the Public Improvements in the SAP match the costs set forth in the applicable construction contracts; provided that such adjustment of the SAP does not affect the benefit analysis. Then, after the Completion of Construction of a Public Improvement payment or reimbursement for such Public Improvement, there are Cost Underruns, any remaining budgeted cost(s) may be available to reimburse Cost Overruns on any other Public Improvement with the approval of the City Representative, such approval not to be unreasonably withheld, at completion of the Public Improvements in the PID (or in each PID Phase, if applicable) as set forth in the Service and Assessment Plan, are undertaken at least in part. The elimination of a category of Public Improvements as set forth in the Service and Assessment Plan will require an amendment to the Service and Assessment Plan. Upon receipt of all acceptance letters from the City for the Public Improvements within an improvement category as set forth in the Service and Assessment Plan, any Underruns from that category may be released to reimburse for Overruns in another improvement category, as approved by the City.

Section 9.03. Payment Process for Public Improvements.

(a) The City shall authorize reimbursement of the Public Improvement Project Costs from (i) PID Bond Proceeds or from (ii) Assessments collected in the PID as set forth in 9.04 below. The Developer shall submit a Payment Certificate to the City for Public Improvement Project Costs. The form of the Payment Certificate is set forth in Exhibit F, as may be modified by the applicable Indenture or Reimbursement Agreement. The City shall review the sufficiency of each Payment Certificate with respect to compliance with this Agreement, compliance with the City Regulations, the Concept Plan and Applicable Law, and compliance with the applicable SAP and Plans and Specifications within thirty (30) days of receipt from the Developer. After review, the City shall send notice to the Developer of what is approved in each Payment Certificate and what is denied and will notify Developer of additional documentation needed to resolve disputes related to the portions that are not approved. Approved costs in a Payment Certificate shall be forwarded for payment in a timely manner and the City will work with the Developer to resolve amounts not approved in each Payment Certificate.

(b) The City shall reimburse the Public Improvement Project Costs as set forth in Exhibit C and the SAP, from funds available pursuant to the applicable Indenture or Reimbursement Agreement.

(c) Reimbursement to the Developer and the City for administrative costs relating to the creation of the PID, the levy of assessments and issuance of the PID Bonds may be distributed at closing of the applicable series of PID Bonds pursuant to a Closing Disbursement Request, in the form attached as Exhibit G.

Section 9.04. Public Improvements Reimbursement from Assessment Fund In the Event of a Non-Issuance of PID Bonds.

(a) The reimbursement for costs of the Public Improvements set forth in Exhibit-C and in the Service and Assessments Plan may be made on an annual basis from Assessments levied by the City for the Public Improvements pursuant to Chapter 372, Texas Local Government Code, as amended, if requested by the Developer and agreed to by the City. Such reimbursement shall be made pursuant to the terms and provisions of one or more Reimbursement Agreements. Such Reimbursement Agreements shall set forth the terms of the annual reimbursement for the costs of the Public Improvements.

(b) Reimbursement or payment of the costs of the Public Improvements, shall only be made from the levy of Assessments within the PID, as set forth herein.

(c) The term, manner and place of payment or reimbursement to the Developer under this Section shall be set forth in the Reimbursement Agreement.

(d) Reimbursement or payment shall be made only for the costs of the Public Improvements as set forth in this Agreement, the Service and Assessment Plan or in a Reimbursement Agreement, as approved by the City. Any additional public improvements other than the Public Improvements constructed by the Developer and dedicated to the City, shall not be subject to payment or reimbursement under the terms of this Agreement.

Section 9.05. Rights to Audit.

(a) The City shall have the right to audit, upon reasonable notice and at the City's own expense, records of the Developer with respect to the expenditure of funds to pay Public Improvement Project Costs. Upon written request by the City, the Developer shall give the City or its agent, access to those certain records controlled by, or in the direct or indirect possession of, the Developer (other than records subject to legitimate claims of attorney-client privilege) with respect to the expenditure of Public Improvement Project Costs, and permit the City to review such records in connection with conducting a reasonable audit of such fund and account. The Developer shall make these records available to the City electronically or at a location that is reasonably convenient for City staff.

(b) The City and the Developer shall reasonably cooperate with the assigned independent auditors (internal or external) in this regard, and shall retain and maintain all such records for at least 2 years from the date of Completion of Construction of the Public

Improvements. All audits must be diligently conducted and once begun, no records pertaining to such audit shall be destroyed until such audit is completed.

ARTICLE X

REPRESENTATIONS AND WARRANTIES

Section 10.01. Representations and Warranties of City.

The City makes the following representation and warranty for the benefit of the Developer:

(a) Due Authority; No Conflict. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act). The City has all requisite power and authority to execute this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the City and constitute legal, valid and binding obligations enforceable against the City in accordance with the terms subject to principles of governmental immunity and the enforcement of equitable rights. The consummation by the City of the transactions contemplated hereby is not in violation of or in conflict with, nor does it constitute a default under, any of the terms of any agreement or instrument to which the City is a Party, or by which the City is bound, or of any provision of any applicable law, ordinance, rule or regulation of any Governmental Authority or of any provision of any applicable order, judgment or decree of any court, or Governmental Authority.

(b) Due Authority; No Litigation. No litigation is pending or, to the knowledge of the City, threatened in any court to restrain or enjoin the construction of or the Public Improvements, Drainage Improvements and City Improvements or the City's payment and reimbursement obligations under this Agreement, or otherwise contesting the powers of the City or the authorization of this Agreement or any agreements contemplated herein.

Section 10.02. Representations and Warranties of Developer.

The Developer makes the following representations, warranties and covenants for the benefit of the City:

(a) Due Organization and Ownership. The Developer is a Texas limited liability company validly existing under the laws of the State of Texas and is duly qualified to do business in the State of Texas; and that the person executing this Agreement on behalf of it is authorized to enter into this Agreement.

(b) Due Authority; No Conflict. The Developer has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations hereunder and the transactions contemplated hereby. This Agreement has been, and the documents contemplated hereby will be, duly executed and delivered by the Developer and constitute the Developer's legal, valid and binding obligations enforceable against the Developer in accordance with their terms. The consummation by the Developer of the transactions contemplated hereby is not in violation of

Or in conflict with, nor does it constitute a default under, any term or provision of the organizational documents of the Developer, or any of the terms of any agreement or instrument to which the Developer is a Party, or by which the Developer is bound, or of any provision of any applicable law, ordinance, rule or regulation of any governmental authority or of any provision of any applicable order, judgment or decree of any court, or Governmental Authority.

(c) Consents. No consent, approval, order or authorization of, or declaration or filing with any Governmental Authority is required on the part of the Developer in connection with the execution and delivery of this Agreement or for the performance of the transactions herein contemplated by the respective Parties hereto.

(d) Litigation/Proceedings. To the best knowledge of the Developer, after reasonable inquiry, there are no pending or, to the best knowledge of the Developer, threatened, judicial, municipal or administrative proceedings, consent decree or, judgments which might affect the Developer's ability to consummate the transaction contemplated hereby, nor is there a preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and there is no statute, rule, regulation, or executive order promulgated or enacted by a governmental entity, that is in effect which restrains, enjoins, prohibits, or otherwise makes illegal the consummation of the transactions contemplated by this Agreement.

(e) Legal Proceedings. There is no action, proceeding, inquiry or investigation, at law or in equity, before any court, arbitrator, governmental or other board or official, pending or, to the knowledge of the Developer, threatened against or affecting the Developer, any of the principals of the Developer and any key person or their respective Affiliates and representatives which the outcome of which would (a) materially and adversely affect the validity or enforceability of, or the authority or ability of the Developer under, this Agreement to perform its obligations under this Agreement; or (b) have a material and adverse effect on the consolidated financial condition or results of operations of the Developer or on the ability of the Developer to conduct its business as presently conducted or as proposed or contemplated to be conducted.

ARTICLE XI

MAINTENANCE OF CERTAIN IMPROVEMENTS

Section 11.01. Property Owners' Association.

(a) The Developer will create a property owners' association ("POA") over the property in the PID, which POA, through its conditions and restrictions filed of record in the property records of Harris County, shall be required to assess and collect from owners annual fees in an amount calculated to maintain the open spaces, common areas, right-of-way irrigation systems, raised medians and other right-of-way landscaping, detention areas, drainage areas, screening walls, trails, lawns, landscaped entrances to the Development and any other common improvements or appurtenances (the "POA Maintained Improvements"). Maintenance of any POA Maintained Improvements on land owned by the City shall be pursuant to a maintenance agreement between the POA and the City (the "POA Maintenance Agreement").

(b) While the Parties anticipate that the POA established to maintain and operate the POA Maintained Improvements, will adequately perform such duties, in the event that the City determines that the POA is not adequately performing the duties for which it was created, which non-performance shall be evidenced by violations of the POA Maintenance Agreement, applicable deed restrictions and/or applicable City ordinances, the City reserves the right to levy an assessment each year equal to the actual costs of operating and maintaining the POA Maintained Improvements that are owned by the City. The City agrees that it will not levy such assessments without first giving the POA written notice of the deficiencies and providing the POA with sixty (60) days in which to cure the deficiencies.

(c) The City may review the covenants, conditions and restrictions for the POA prior to their filing and such covenants, conditions and restrictions must be filed with the final plat, prior to the City's acceptance of any Public Improvements, Drainage Improvements and City Improvements to be maintained by the POA.

ARTICLE XII

TERMINATION EVENTS

Section 12.01. Developer Termination Events.

(a) The Developer may terminate this Agreement (i) upon an Event of Default by the City, or (ii) in the event the City does not create the PID and approve the TIRZ Project and Finance Plan, or levy Assessments and issue PID Bonds pursuant to this Agreement.

Section 12.02. City Termination Events.

(a) The City may terminate this Agreement with respect to the applicable PID Phase and any remaining PID Phase, upon an uncured Event of Default by the Developer pursuant to Article XV herein.

(b) The City may terminate this Agreement, (i) if Commencement of Construction of the private horizontal improvements within the Development has not occurred within three (3) years of the Effective Date, or (ii) if the Development is divided into PID Phases, no Commencement of Construction has begun in a PID Phase within one (1) year of completion of the Public Improvements, Drainage Improvements and City Improvements in the prior PID Phase.

Section 12.03. Termination Procedure.

If either Party determines that it wishes to terminate this Agreement pursuant to this Article, such Party must deliver a written notice to the other Party specifying in reasonable detail the basis for such termination and electing to terminate this Agreement. Upon such a termination, the Parties hereto shall have no duty or obligation one to the other under this Agreement, with the exception of any of Developer's Public Improvement Project Costs that were previously advanced or incurred as of the date of termination, provided that a Payment Certificate for such Public Improvement Project Costs is submitted within ninety (90) days of the termination and is approved by the City pursuant to its normal and usual process for approving such Payment Certificate. The City must approve such Payment Certificate within thirty (30) days or submit to the Developer its

objections/issues with such Payment Certificate and reasonably consult with the Developer to cure any insufficiencies in the Payment Certificate within an additional thirty (30) days.

Section 12.04. City Actions Upon Termination.

Upon termination the Developer shall have no claim or right to any further payments for Public Improvements Project Costs pursuant to this except that, (i) any Public Improvements completed and accepted by the City or (ii) Public Improvement Project Costs submitted pursuant to a Payment Certificate and approved by the City shall still be subject to reimbursement. Any Public Improvement Project Costs submitted to the City but still under review at the time of termination of this Agreement may be paid if subsequently approved by the City.

ARTICLE XIII

TERM

This Agreement shall terminate upon the earlier of (i) the expiration of ten (10) years from the Effective Date, (ii) the date upon which the City and Developer discharge their obligations herein including construction of the Public Improvements and payment of or reimbursement for the Public Improvement Project Costs (up to the Project Cost Cap), the Actual Costs of the Drainage Improvements or Actual Costs of the City Improvements, pursuant to this Agreement, as may be modified by the SAP or the TIRZ Project and Finance Plan, or (ii) the occurrence of a termination event under Article XII. Provided, however, that to the extent PID Bonds have been issued for a PID Phase, the use of the City Tax Increment to subsidize Assessments shall continue, as set forth in the applicable SAP, until such PID Bonds are discharged, and to the extent the TIRZ obligations remain outstanding, the use of TIRZ Revenues shall continue, as set forth in the TIRZ project and Finance Plan and this Agreement, until such TIRZ obligations are discharged.

ARTICLE XIV

DEFAULT AND REMEDIES

Section 14.01. Developer Default.

Each of the following events shall be an "Event of Default" by the Developer under this Agreement:

(a) The Developer shall fail to pay to the City any monetary sum hereby required of it as and when the same shall become due and payable and shall not cure such default within thirty (30) calendar days after the later of the date on which written notice thereof is given by the City to the Developer, as provided in this Agreement. The Developer shall fail in any material respect to maintain any of the insurance or bonds required by this Agreement; provided, however, that if a contractor fails to maintain any of the insurance or bonds required by this Agreement, the Developer shall have thirty (30) calendar days to cure.

(b) The Developer shall fail to comply in any material respect with any term, provision or covenant of this Agreement (other than the payment of money to the City), and shall not cure

such failure within ninety (90) calendar days after written notice thereof is given by the City to the Developer;

(c) The filing by Developer of a voluntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtors, rights;

(d) The consent by Developer to an involuntary proceeding under present or future bankruptcy, insolvency, or other laws respecting debtor's rights;

(e) The entering of an order for relief against Developer or the appointment of a receiver, trustee, or custodian for all or a substantial part of the property or assets of Developer in any involuntary proceeding, and the continuation of such order, judgment or degree unstayed for any period of ninety (90) consecutive days;

(f) The failure by Developer or any Affiliate to pay Impositions, and Assessments on property owned by the Developer and/or any Affiliates within the PID if such failure is not cured within thirty (30) calendar days after written notice by the City; provided, however, Developer or any Affiliate may follow legal procedures to protest or contest their taxable appraised value.

(g) Any representation or warranty confirmed or made in this Agreement by the Developer was untrue as of the Effective Date; or

Section 14.02. Notice and Cure Period.

(a) Before any Event of Default under this Agreement shall be deemed to be a breach of this Agreement, the Party claiming such Event of Default shall notify, in writing, the Party alleged to have failed to perform the alleged Event of Default and shall demand performance (with the exception of 14.01(f) above). Except with respect to cure periods set forth in 14.01 above, which shall be controlling, no breach of this Agreement may be found to have occurred if performance has commenced to the reasonable satisfaction of the complaining Party within thirty (30) calendar days of the receipt of such notice (or thirty (30) calendar days in the case of a monetary default), with completion of performance within ninety (90) calendar days.

(b) Notwithstanding any provision in this Agreement to the contrary, if the performance of any covenant or obligation to be performed hereunder by any Party is delayed by Force Majeure, the time for such performance shall be extended by the amount of time of the delay directly caused by and relating to such uncontrolled circumstances. The Party claiming delay of performance as a result of any of the foregoing Force Majeure events shall deliver written notice of the commencement of any such delay resulting from such Force Majeure event and the length of the Force Majeure event is reasonably expected to last not later than fourteen (14) days after the claiming Party becomes aware of the same, and if the claiming Party fails to so notify the other Party of the occurrence of a Force Majeure event causing such delay, the claiming Party shall not be entitled to avail itself of the provisions for the extension of performance contained in this Article. The number of days a Force Majeure event is in effect shall be determined by the City based upon commercially reasonable standards.

Section 14.03. City's Remedies.

With respect to the occurrence of an Event of Default the City may pursue the following remedies:

(a) The City may pursue any legal or equitable remedy or remedies, including, without limitation, specific performance, damages, (excluding punitive, special, or consequential damages) and termination of this Agreement. The City shall not terminate this Agreement unless it delivers to the Developer a second notice expressly providing that the City will terminate within thirty (30) additional days. Termination or non-termination of this Agreement upon a Developer Event of Default shall not prevent the City from suing the Developer for specific performance, damages, actual damages, (excluding punitive, special, or consequential damages), injunctive relief or other available remedies with respect to obligations that expressly survive termination. In the event the Developer fails to pay any of the expenses or amounts or perform any obligation specified in this Agreement, then to the extent such failure constitutes an Event of Default hereunder, the City may, but shall not be obligated to do so, pay any such amount or perform any such obligations and the amount so paid and the reasonable out of pocket costs incurred by the City in said performance shall be due and payable by the Developer to the City within thirty (30) days after the Developer's receipt of an itemized list of such costs.

(b) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 14.04. City Default.

Each of the following events shall be an Event of Default by the City under this Agreement:

(a) So long as the Developer has complied with the terms and provisions of this Agreement, the City shall fail to pay to the Developer any monetary sum hereby required of it and shall not cure such default within ninety (90) calendar days after the later of the date on which written notice thereof is given to the City by the Developer.

(b) The City shall fail to comply in any material respect with any term, provision or covenant of this Agreement, other than the payment of money, and shall not cure such failure within sixty (60) calendar days after written notice thereof is given by the Developer to the City.

Section 14.05. Developer's Remedies.

(a) Upon the occurrence of any Event of Default by the City, the Developer may pursue any legal or equitable remedy or remedies specifically including damages as set forth below (specifically excluding punitive, special, or consequential damages), and termination of this Agreement; provided, however, that the Developer shall have no right to terminate this Agreement unless the Developer delivers to the City a second notice which expressly provides that the Developer will terminate within thirty (30) days if the default is not addressed as herein provided.

(b) No remedy herein conferred or reserved is intended to be inclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing.

(c) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

Section 14.06. No Waiver of Immunity.

(a) Nothing contained in this Agreement shall be deemed to waive the City's governmental immunity nor the official immunity of any City officer, official, employee or agent.

(b) Should a court of competent jurisdiction determine the City's immunity from suit is waived in any manner other than as provided in Subchapter I of Chapter 271, Texas Local Government Code, as amended, the Parties hereby acknowledge and agree that in such suit against the City for breach of this Agreement:

(i) The total amount of money awarded is limited to actual damages in an amount not to exceed the balance due and owed by City under this Agreement or any Reimbursement Agreement and is payable solely from Assessment revenues or TIRZ revenues;

(ii) The recovery of damages against City or the Developer may not include punitive, damages, special damages, or consequential damages; and

(iii) The Parties may not recover attorney's fees.

Section 14.07. Limitation on Damages.

In no event shall any Party have any liability under this Agreement for any exemplary or consequential damages.

Section 14.08. Waiver.

Forbearance by the non-defaulting Party to enforce one or more of the remedies herein provided upon the occurrence of an Event of Default by the other Party shall not be deemed or construed to constitute a waiver of such default. One or more waivers of a breach of any covenant, term or condition of this Agreement by either Party hereto shall not be construed by the other Party as a waiver of a different or subsequent breach of the same covenant, term or condition. The consent or approval of either Party to or of any act by the other Party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary the consent to or approval of any other subsequent similar act.

ARTICLE XV

INSURANCE, INDEMNIFICATION AND RELEASE

Section 15.01. Insurance.

With no intent to limit any contractor's liability or obligation for indemnification, the Developer shall maintain or cause to be maintained, by the persons constructing the Public Improvements, certain insurance, as provided below in full force and effect at all times during construction of the Public Improvements and shall require that the City is named as an additional insured under such contractor's insurance policies.

(a) With regard to the obligations of this Agreement, the Developer shall obtain and maintain in full force and effect at its expense, or shall cause each contractor to obtain and maintain at their expense, the following policies of insurance and coverage:

(i) Commercial general liability insurance insuring the City, contractor and the Developer against liability for injury to or death of a person or persons and for damage to property occasioned by or arising out of the activities of Developer, the contractor, the City and their respective officers, directors, agents, contractors, or employees, in the amount of \$1,000,000 Per Occurrence or a limit equal to the amount of the contract amount, \$2,000,000 General Aggregate Bodily Injury and Property Damage. The contractor may procure and maintain a Master or Controlled Insurance policy to satisfy the requirements of this section, which may cover other property or locations of the contractor and its affiliates, so long as the coverage required in this section is separate;

(ii) Worker's Compensation insurance as required by law;

(iii) Business automobile insurance covering all operations of the contractor pursuant to the Construction Agreement involving the use of motor vehicles, including all owned, non-owned and hired vehicles with minimum limits of not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury, death and property damage liability.

(iv) To the extent available, each policy shall be endorsed to provide that the insurer waives all rights of subrogation against the City;

(v) Each policy of insurance with the exception of Worker's Compensation and professional liability shall be endorsed to include the City (including its former, current, and future officers, directors, agents, and employees) as additional insureds;

(vi) Each policy, with the exception of Worker's Compensation and professional liability, shall be endorsed to provide the City sixty (60) days' written notice prior to any cancellation, termination or material change of coverage; and

(vii) The Developer shall cause each contractor to deliver to the City the policies, copies of policy endorsements, and/or certificates of insurance evidencing the required insurance coverage before the Commencement of Construction of the Public

Improvements and within 10 days before expiration of coverage, or as soon as practicable, deliver renewal policies or certificates of insurance evidencing renewal and payment of premium. On every date of renewal of the required insurance policies, the contractor shall cause a Certificate of Insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition the contractor shall within ten (10) business days after written request provide the City with the Certificates of Insurance and policy endorsements for the insurance required herein (which request may include copies of such policies).

Section 15.02. Waiver of Subrogation Rights.

The Commercial General Liability, Worker's Compensation, Business Auto and Excess Liability Insurance required pursuant to this Agreement shall provide for waivers of all rights of subrogation against the City.

Section 15.03. Additional Insured Status.

With the exception of Worker's Compensation Insurance and any Professional Liability Insurance, all insurance required pursuant to this Agreement shall include and name the City as additional insureds using Additional Insured Endorsements that provide the most comprehensive coverage to the City under Texas law including products/completed operations.

Section 15.04. Certificates of Insurance.

Certificates of Insurance and policy endorsements in a form satisfactory to City shall be delivered to City prior to the commencement of any work or services on the Public Improvements. All required policies shall be endorsed to provide the City with sixty (60) days advance notice of cancellation or non-renewal of coverage. The Developer shall provide sixty (60) days written notice of any cancellation, non-renewal or material change in coverage for any of the required insurance in this Article.

On every date of renewal of the required insurance policies, the Developer shall cause (and cause its contractors) to provide a certificate of insurance and policy endorsements to be issued evidencing the required insurance herein and delivered to the City. In addition, the Developer shall, within ten (10) business days after written request, provide the City with certificates of insurance and policy endorsements for the insurance required herein (which request may include copies of such policies). The delivery of the certificates of insurance and the policy endorsements (including copies of such insurance policies) to the City is a condition precedent to the payment of any amounts to the Developer by the City.

Section 15.05. Carriers.

All policies of insurance required to be obtained by the Developer and its contractors pursuant to this Agreement shall be maintained with insurance carriers that are satisfactory to and as reasonably approved by City, and lawfully authorized to issue insurance in the state of Texas for the types and amounts of insurance required herein. All insurance companies providing the required insurance shall be authorized to transact business in Texas and rated at least "A" by AM Best or other equivalent rating service. All policies must be written on a primary basis, non-

contributory with any other insurance coverage and/or self-insurance maintained by the City. All insurance coverage required herein shall be evidenced by a certificate of insurance and policy endorsements submitted by the Developer's and its contractors' insurer or broker. Certificates of insurance and policy endorsements received from any other source will be rejected.

Section 15.06. INDEMNIFICATION.

DEVELOPER AGREES TO DEFEND, INDEMNIFY AND HOLD THE CITY AND ITS RESPECTIVE OFFICERS, AGENTS AND EMPLOYEES, HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, JUDGMENTS, FINES, PENALTIES, COSTS AND EXPENSES FOR PERSONAL INJURY (INCLUDING DEATH), PROPERTY DAMAGE OR OTHER HARM OR VIOLATIONS FOR WHICH RECOVERY OF DAMAGES, FINES, OR PENALTIES IS SOUGHT, SUFFERED BY ANY PERSON OR PERSONS, THAT MAY ARISE OUT OF OR BE OCCASIONED BY DEVELOPER'S ACT OR OMISSION, INCLUDING BUT NOT LIMITED TO BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS CONTRACT, VIOLATIONS OF LAW, ANY ACT OR OMISSION, INCLUDING BUT NOT LIMITED TO ANY NEGLIGENT, GROSSLY NEGLIGENT, INTENTIONAL, OR STRICTLY LIABLE ACT OR OMISSION OF THE CONTRACTOR, ITS OFFICERS, AGENTS, EMPLOYEES, INVITEES, OR SUBCONTRACTORS, AND THEIR RESPECTIVE OFFICERS, AGENTS, OR REPRESENTATIVES, OR ANY OTHER PERSONS OR ENTITIES FOR WHICH THE CONTRACTOR IS LEGALLY RESPONSIBLE IN THE PERFORMANCE OF THIS CONTRACT. THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL NOT APPLY TO ANY LIABILITY RESULTING FROM THE SOLE NEGLIGENCE OF THE CITY, AND ITS OFFICERS, AGENTS, EMPLOYEES OR SEPARATE CONTRACTORS. THE CITY DOES NOT WAIVE ANY GOVERNMENTAL IMMUNITY OR OTHER DEFENSES AVAILABLE TO IT UNDER TEXAS OR FEDERAL LAW. THE PROVISIONS OF THIS PARAGRAPH ARE SOLELY FOR THE BENEFIT OF THE PARTIES HERETO AND ARE NOT INTENDED TO CREATE OR GRANT ANY RIGHTS, CONTRACTUAL OR OTHERWISE, TO ANY OTHER PERSON OR ENTITY.

DEVELOPER AT ITS OWN EXPENSE IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS. CITY RESERVES THE RIGHT TO PROVIDE A PORTION OR ALL OF ITS OWN DEFENSE; HOWEVER, CITY IS UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY CITY IS NOT TO BE CONSTRUED AS A WAIVER OF

DEVELOPER'S OBLIGATION TO DEFEND CITY OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY CITY PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN DEFENSE COUNSEL WITHIN SEVEN (7) BUSINESS DAYS OF CITY'S WRITTEN NOTICE THAT CITY IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN THE REQUIRED TIME PERIOD, CITY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF AND DEVELOPER SHALL BE LIABLE FOR ALL COSTS INCURRED BY THE CITY.

ARTICLE XVI

GENERAL PROVISIONS

Section 16.01. Notices.

Any notice, communication or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile or other electronic transmittal, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses set forth below or at such other addresses as may be specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purpose at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses:

To the City:	City Manager 910 S. Friendswood Dr. Friendswood, Texas 77546
To the Developer:	Attn: Louis Tannos Madison Development Corp., LLC 505 S. Friendswood Dr., Suite 119 Friendswood, Texas 77546
And to:	Attn: Russell Handy Wolfgramm Capital 1410 East Winding Way, Suite E Friendswood, Texas 77546

With a copy to: Attn: Ross Martin
 Winstead PC
 2728 N. Harwood St., Suite 500
 Dallas, Texas 75201

Section 16.02. Make-Whole Provision.

(a) If in any calendar year the City issues debt obligations that would be qualified tax-exempt obligations but for the issuance or proposed issuance of PID Bonds, the Developer shall pay to the City a fee (the "PID Bond Fee") to compensate the City for the interest savings the City would have achieved had the debt issued by the City been qualified tax-exempt obligations. Prior to issuance of any PID Bonds, the City's financial advisor shall calculate the PID Bond Fee based on the issued and planned debt issuances for the City and shall notify the Developer of the total amount of the PID Bond Fee prior to the issuance of the PID Bonds. The Developer agrees to pay the PID Bond Fee to the City within ten (10) business days after receiving notice from the City of the amount of PID Bond Fee due to the City. If the City has not forgone the ability to issue a series of obligations as qualified tax exempt obligations, the PID Bond Fee shall be held in a segregated account of the City and if the total amount of debt obligations sold or entered into by the City in the calendar year in which the PID Bonds are issued are less than the bank qualification limits (currently \$10 million per calendar year), then the PID Bond Fee shall be returned to the Developer. The City shall not be required to sell any series of PID Bonds until the Developer has paid the estimated PID Bond Fee.

(b) If the City is planning to issue debt obligations as qualified tax exempt obligations prior to the issuance of PID Bonds in any calendar year, the City may (but is not obligated to) notify the Developer that it is planning to issue qualified tax-exempt obligations that may limit the amount of debt that the City can issue in a calendar year. In connection with the delivery of such notice, the City's financial advisor shall provide a calculation of the interest savings that the City would achieve by issuing the obligations the City plans to issue in the year as qualified tax-exempt obligations as opposed to non-qualified tax-exempt obligations. If following the receipt of such notice the Developer asks the City to forego designating the obligations as qualified tax-exempt obligations in order to preserve capacity for PID Bonds, the Developer shall pay to the City a fee to compensate the City for the interest savings the City would have achieved had the debt issued by the City been qualified tax-exempt obligations. The Developer agrees to pay the PID Bond Fee to the City within ten (10) business days after receiving notice from the City of the amount of PID Bond Fee due to the City. Upon receipt of the PID Bond Fee, the City agrees not to designate the obligations planned for issuance as qualified tax-exempt obligations. Such payment is compensation to the City for choosing to forego the designation of obligations as qualified tax-exempt obligations, and the PID Bond Fee may be used for any lawful purpose of the City.

Section 16.03. Assignment.

(a) This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties. The obligations, requirements or covenants to develop the Property, including construction of the Public Improvements may be assigned to any Affiliate thereof without the prior written consent of the City. The obligations, requirements or covenants to the

development of the Property, including construction of the Public Improvements shall not be assigned to any non-Affiliate without the prior written consent of the City Manager, which consent shall not be unreasonably withheld if the assignee demonstrates the financial ability to perform in the reasonable judgment of the City Manager. Each assignment shall be in writing executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title or interests being assigned. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the City approves the release in writing. Developer shall maintain written records of all assignments made by Developer to Assignee, including a copy of each executed assignment and the Assignee's notice information as required by this Agreement, and, upon written request from the City, any Party or Assignee, shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer or other conveyance of any interest in this Agreement or the Property. The City shall not be required to make any representations with respect to any assignment.

(b) Developer may assign any receivables or revenues due pursuant to this Agreement or any Reimbursement Agreement to a third party without the consent of, but upon written notice to the City. Provided, however, that notwithstanding the above, the City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or make any representations with respect thereto.

(c) The Developer and assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this Agreement for the benefit of (a) their respective lenders without the consent of, but with prompt written notice to, the City. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this Agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the City has been given a copy of the documents creating the lender's interest, including notice information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this Agreement within thirty (30) days written notice to the lender. A lender is not a party to this Agreement unless this Agreement is amended, with the consent of the lender, to add the lender as a Party. Notwithstanding the foregoing, however, this Agreement shall continue to bind the Property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the Property, except an end-user property owner, shall be bound by this Agreement and shall not be entitled to the rights and benefits of this Agreement with respect to the acquired portion of the Property until all defaults under this Agreement with respect to the acquired portion of the Property have been cured. The City shall not be required to make partial payments to more than two parties as a result of an assignment and shall not execute any consent or make any representations or execute any document with respect thereto.

(d) The City shall not be required to acknowledge the receipt of any Assignment by the Developer; however, to the extent the City does acknowledge receipt of any assignment pursuant to this Section, such acknowledgment does not evidence the City's agreement, acceptance or

acknowledgment of the content of the assignment documents or any rights accruing thereunder; it is solely an acknowledgment of receipt of the notice via mail, express mail or email.

(e) The City does not and shall not consent to nor participate in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement or any Reimbursement Agreement.

Section 16.04. Table of Contents; Titles and Headings.

The titles of the articles, and the headings of the sections of this Agreement are solely for convenience of reference, are not a part of this Agreement, and shall not be deemed to affect the meaning, construction, or effect of any of its provisions.

Section 16.05. Entire Agreement; Amendment.

This Agreement is the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written agreement between the Parties that in any manner relates to the subject matter of this Agreement. This Agreement may only be amended by a written agreement executed by all Parties.

Section 16.06. Time.

In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays, and legal holidays; however, if the final day of any time period falls on a Saturday, Sunday, or legal holiday, then the final day will be deemed to be the next day that is not a Saturday, Sunday, or legal holiday.

Section 16.07. Counterparts.

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which will together constitute the same instrument.

Section 16.08. Severability; Waiver.

If any provision of this Agreement is illegal, invalid, or unenforceable, under present or future laws, it is the intention of the parties that the remainder of this Agreement not be affected and, in lieu of each illegal, invalid, or unenforceable provision, a provision be added to this Agreement which is legal, valid, and enforceable and is as similar in terms to the illegal, invalid, or enforceable provision as is possible.

Any failure by a Party to insist upon strict performance by the other party of any material provision of this Agreement will not be deemed a waiver or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

Section 16.09. No Third-Party Beneficiaries.

The City and the Developer intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any third party beneficiary, or any individual or entity other than the City, the Developer or assignees of such Parties.

Section 16.10. Notice of Assignment. Developer shall not transfer any portion of the Property prior to the levy of Assessments, except as provided in Section 3.05. Subject to Section 16.03 herein, the requirements set forth below shall apply in the event that the Developer sells, assigns, transfers or otherwise conveys the Property or any part thereof and/or any of its rights, benefits or obligations under this Agreement. Developer must provide the following:

- (a) within 30 days after the effective date of any such sale, assignment, transfer, or other conveyance, the Developer must provide written notice of same to the City;
- (b) the Notice must describe the extent to which any rights or benefits under this Agreement have been sold, assigned, transferred, or otherwise conveyed;
- (c) the Notice must state the name, mailing address, and telephone contact information of the person(s) acquiring any rights or benefits as a result of any such sale, assignment, transfer, or other conveyance;
- (d) the Notice must be signed by a duly authorized person representing the Developer and a duly authorized representative of the person that will acquire any rights or benefits as a result of the sale, assignment transfer or other conveyance.

Section 16.11. No Joint Venture.

Nothing contained in this Agreement or any other agreement between the Developer and the City is intended by the Parties to create a partnership or joint venture between the Developer, on the one hand, and the City on the other hand and any implication to the contrary is hereby expressly disavowed. It is understood and agreed that this Agreement does not create a joint enterprise, nor does it appoint either Party as an agent of the other for any purpose whatsoever. Neither Party shall in any way assume any of the liability of the other for acts of the other or obligations of the other. Each Party shall be responsible for any and all suits, demands, costs or actions proximately resulting from its own individual acts or omissions.

Section 16.12. Estoppel Certificates. From time to time within fifteen (15) business days of a written request of the Developer or any future Developer, and upon the payment of a \$100.00 fee to the City, the Mayor, or his/her designee is authorized, in his official capacity and to his reasonable knowledge and belief, to execute a written estoppel certificate in form approved by the City Attorney, identifying any obligations of a Developer under this Agreement that are in default. No other representations in the Estoppel shall be made by the City.

Section 16.13. Independence of Action.

It is understood and agreed by and among the Parties that in the design, construction and development of the Public Improvements and any of the related improvements described herein,

and in the Parties' satisfaction of the terms and conditions of this Agreement, that each Party is acting independently, and the City assumes no responsibility or liability to any third parties in connection to the Developer's obligations hereunder.

Section 16.14. Compliance with Disclosure Program. The Developer shall comply with the Disclosure Program attached hereto as Exhibit H.

Section 16.15. Limited Recourse.

No officer, director, employee, agent, attorney or representative of the Developer shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder. No elected official of the City and no agent, attorney or representative of the City shall be deemed to be a Party to this Agreement or shall be liable for any of the contractual obligations created hereunder.

Section 16.16. Exhibits.

All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 16.17. No Consent to Third Party Financing.

The City does not and shall not consent to nor participate in any way in any third-party financing based upon the Developer's assignment of its right to receive funds pursuant to this Agreement or any Reimbursement Agreement.

Section 16.18. Survival of Covenants.

Any of the representations, warranties, covenants, and obligations of the Parties, as well as any rights and benefits of the Parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

Section 16.19. No Acceleration.

All amounts due pursuant to this Agreement and any remedies under this Agreement are not subject to acceleration.

Section 16.20. Conditions Precedent.

This Agreement is expressly subject to, and the obligations of the Parties are conditioned upon the City levy of the Assessments or approval of a Reimbursement Agreement.

Section 16.21. No Reduction of Assessments.

Following the issuance of each series of PID Bonds, the Developer agrees not to take any action or actions to reduce the total amount of the Assessments levied in payment of such PID Bonds.

Section 16.22. Recording Fees.

Any fees associated with the recording of documents in the real property records of Harris County in order to give initial notice of the Assessments or made pursuant to the Act, shall be paid by the Developer. Ongoing recording in the real property records of Harris County of updates to the Service and Assessment Plan shall be paid as an administrative expense of the PID.

Section 16.23. Anti-Boycott Verification.

The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 16.23 shall survive termination of the Agreement until the statute of limitations has run.

Section 16.24. Iran, Sudan and Foreign Terrorist Organizations

The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 16.24 shall survive termination of the Agreement until the statute of limitations has run.

Section 16.25. Governing Law.

The Agreement shall be governed by the laws of the State of Texas without regard to any choice of law rules; and venue for any action concerning this Agreement and the Reimbursement Agreement shall be in the State District Court of Harris County, Texas. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

Section 16.26. Petroleum.

The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the Issuer to comply with such Section. As used in the foregoing verification, “boycott energy companies” shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. The Developer understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 16.26 shall survive termination of the Agreement until the statute of limitations has run.

Section 16.27. Firearms.

The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Agreement against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the Issuer to comply with such Section. As used in the foregoing verification, ‘discriminate against a firearm entity or firearm trade association: (a) means, with respect to the firearm entity or firearm trade association, to: (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (b) does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company’s refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity’s or association’s status as a firearm entity or firearm trade association. As used in the foregoing verification, (a) ‘firearm entity’ means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government

Code), and (c) 'firearm trade association' means a person, corporation, unincorporated association, federation, business league, or business organization that: (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual); (ii) has two or more firearm entities as members; and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. The Developer understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 133(f), 17 C.F.R. §230.133(f), and exists to make a profit. Notwithstanding anything contained herein, the representations and covenants contained in this Section 16.27 shall survive termination of the Agreement until the statute of limitations has run.

Section 16.28. Conflict.

In the event of any conflict between this Agreement and any Indenture authorizing the PID Bond, the Indenture controls. In the event of any conflict between this Agreement and the Reimbursement Agreement, the Reimbursement Agreement shall control, except that in all cases, Applicable Law shall control.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

CITY OF FRIENDSWOOD

By:

Name:

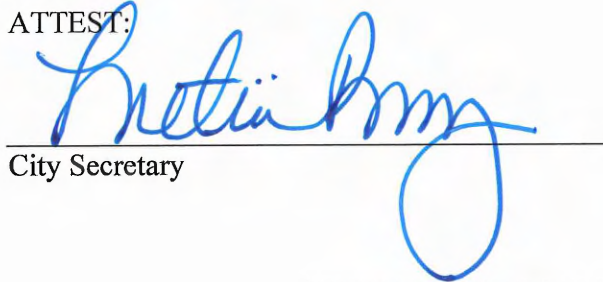


Morad Kabiri

Title:

City Manager

ATTEST:



City Secretary



[SIGNATURES CONTINUE ON NEXT PAGE]

DEVELOPER

Madison Development Corp

a LLC

By: _____

Name: _____

Title: _____

Date: _____

STATE OF TEXAS

§

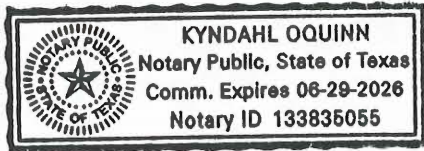
§

COUNTY OF Galveston

§

BEFORE ME, the undersigned authority, on this day personally appeared Louis Tannos, known to me to be one of the persons whose names are subscribed to the foregoing instrument; he/she acknowledged to me that he/she is the President and duly authorized representative of Madison Dev. Corp. an LLC, and that he/she executed said instrument for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 18 day of January, 2024.



Kyndahl Oquinn
Notary Public, State of Texas

My Commission Expires: 6-29-2026

EXHIBIT A

PROPERTY DESCRIPTION



METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQUARE FEET)
SARAH MCKISSICK LEAGUE, A-549
CITY OF FRIENDSWOOD
HARRIS COUNTY, TEXAS

Being a tract or parcel containing 106.472 acres (4,637,900 square feet) of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas; being all of Restricted Reserves "A" and "C", CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R.); being the residue of a called 135.778 acre tract of land conveyed to Clear Creek Community Church as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. 20150231965; said 106.472 acre tract of land being more particularly described as follows (bearings are oriented to the Texas State Plane Coordinate System of 1983, South Central Zone 4204, US Survey Feet, NAD83(NA2011)):

BEGINNING at a 5/8-inch iron rod with cap stamped "GBI PARTNERS" found on the curved southerly right-of-way (R.O.W.) line of F.M. 528 (120 feet wide) and marking the northerly common corner of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH; said iron rod also for the northwest corner of the herein described tract;

THENCE, Northeasterly, an arc distance of 311.32 feet along said southerly R.O.W. line and a curve to the right, having a radius of 1,840.08 feet, a central angle of $09^{\circ}41'36''$, and a chord which bears North $76^{\circ}21'49''$ East, 310.94 feet to a point of tangency, from which a disturbed Texas Department of Transportation (TXDOT) aluminum disk found bears South $07^{\circ}56'$ East, 0.69 feet;

THENCE, North $81^{\circ}12'37''$ East, along said southerly R.O.W. line, at 90.40 feet passing a 5/8-inch iron rod found marking the northeast corner of said Restricted Reserve "A", continuing in all for a total distance of 1,772.42 feet to a 5/8-inch iron rod found at the base of a concrete pad and marking the northwest corner of a called 28.9270 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598260; said iron rod for the northeast corner of the herein described tract;

THENCE, South $08^{\circ}47'23''$ East, departing said southerly R.O.W. line, at 1,289.36 feet passing a 5/8-inch iron rod found marking the westerly common corner of said 28.9270 acre tract and a called 10.0000 acre tract of land conveyed to Clear Creek I.S.D. as described by deed recorded under H.C.C.F. No. P598262, continuing in all for a total distance of 2,190.65 feet to a 5/8-inch iron rod with cap stamped "RPLS 3974" found on the northwesterly R.O.W. line of a Harris County Flood Control District drainage easement (150 feet wide) as described by deeds recorded under H.C.C.F. No(s). E449568 and X384682; said iron rod for the southeast corner of the herein described tract;

150 W. Shadowbend Avenue, Suite #304 | Friendswood, TX 77546
phone 281.648.3131 | fax 281.648.3737 | e-mail christian@boundaryone.com
T.B.P.L.S. Firm No. 10084800



METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 2 OF 4

THENCE, South 38°20'29" West, along said northwesterly R.O.W. line, a distance of 877.99 feet to the call meander line of mean higher water for Clear Creek as per survey prepared by Stephen Blaskey, LSLs, dated October 9, 2015 and for the most southerly corner of the herein described tract;

THENCE, along said mean higher water line of Clear Creek, the following courses and distances:

North 21°17'29" West, a distance of 80.86 feet to an angle point;
North 04°22'12" West, a distance of 216.80 feet to an angle point;
North 32°41'57" West, a distance of 184.39 feet to an angle point;
North 51°06'03" West, a distance of 159.93 feet to an angle point;
North 74°03'08" West, a distance of 164.71 feet to an angle point;
South 48°02'49" West, a distance of 44.69 feet to an angle point;
North 73°53'13" West, a distance of 47.50 feet to an angle point;
South 49°24'27" West, a distance of 89.87 feet to an angle point;
North 75°14'40" West, a distance of 40.66 feet to an angle point;
South 43°53'50" West, a distance of 146.10 feet to an angle point;
South 25°05'22" West, a distance of 134.50 feet to an angle point;
South 83°33'17" West, a distance of 49.30 feet to an angle point;
South 21°22'27" West, a distance of 73.69 feet to an angle point;
North 77°09'16" West, a distance of 62.96 feet to an angle point;
South 59°48'42" West, a distance of 48.72 feet to an angle point;



METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 3 OF 4

North 76°29'09" West, a distance of 56.65 feet to an angle point;
North 88°56'38" West, a distance of 120.31 feet to an angle point;
North 78°01'47" West, a distance of 221.29 feet to an angle point;
North 67°13'30" West, a distance of 112.00 feet to an angle point;
North 50°46'11" West, a distance of 258.04 feet to an angle point;
North 16°00'41" West, a distance of 99.00 feet to an angle point;
North 05°32'33" West, a distance of 60.42 feet to an angle point;
North 23°27'30" East, a distance of 67.18 feet to an angle point;
North 39°20'14" East, a distance of 42.52 feet to an angle point;
North 59°56'00" East, a distance of 35.59 feet to an angle point;
South 84°03'09" East, a distance of 25.53 feet to an angle point;
South 63°21'49" East, a distance of 25.66 feet to an angle point;
North 23°23'59" East, a distance of 84.42 feet to an angle point;
North 27°29'30" East, a distance of 63.48 feet to an angle point;
North 19°02'35" East, a distance of 103.93 feet to an angle point;
North 14°38'12" East, a distance of 53.72 feet to an angle point;
North 13°22'21" West, a distance of 9.00 feet to an angle point;
North 15°04'35" East, a distance of 70.83 feet to an angle point;
North 31°32'46" West, a distance of 52.49 feet to an angle point;



METES AND BOUNDS DESCRIPTION
106.472 ACRES (4,637,900 SQ. FT.)
PAGE 4 OF 4

North 21°40'27" West, a distance of 75.23 feet to an angle point;

North 29°57'57" West, a distance of 10.93 feet to an angle point;

North 35°55'50" West, a distance of 91.39 feet to a southerly corner of Restricted Reserve "D", CLEAR CREEK COMMUNITY CHURCH;

THENCE, North 20°09'13" East, departing said mean higher high water line of Clear Creek and along the common line of said Restricted Reserves "C" and "D", CLEAR CREEK COMMUNITY CHURCH, a distance of 208.95 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking the most southerly corner of said Restricted Reserve "B" and for an angle point;

THENCE, North 08°44'05" West, along the common line of said Restricted Reserves "B" and "C", CLEAR CREEK COMMUNITY CHURCH, at 608.49 feet passing the westerly common corner of said Restricted Reserves "A" and "C", continuing along a common line of said Restricted Reserves "A" and "B" for a total distance of 854.44 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, South 81°13'21" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 185.80 feet to a 5/8-inch iron rod with cap stamped "BOUNDARY ONE-RPLS 5489" set marking a common corner of said Restricted Reserves "A" and "B" and for an angle point;

THENCE, North 18°29'00" West, continuing along a common line of said Restricted Reserves "A" and "B", CLEAR CREEK COMMUNITY CHURCH, a distance of 211.51 feet to the POINT OF BEGINNING and containing 106.472 acres (4,637,900 square feet) of land. This description is based upon a Land Title Survey of 106.472 Acres of land prepared by Boundary One, LLC. Project Number 6767-2209-657G.

Compiled by: Christian Offenburger, R.P.L.S.
Boundary One, L.L.C.
T.B.P.L.S Firm No. 10084800
150 W. Shadowbend, Suite 304
Friendswood, TX 77546
(281) 648-3131
www.boundaryone.com
October 20, 2022

Mb106472.docx

150 W. Shadowbend Avenue, Suite #304 | Friendswood, TX 77546
phone 281.648.3131 | fax 281.648.3737 | e-mail christian@boundaryone.com
T.B.P.L.S. Firm No. 10084800

EXHIBIT B

PUD

[See attached]

ORDINANCE NO. 2023-28

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, AMENDING THE FRIENDSWOOD COMPREHENSIVE PLAN TO UPDATE THE FUTURE LAND USE MAP CONCERNING PROPERTY LOCATED AT 3801 FM 528 RD, BEING 106.472 ACRES OF LAND SITUATED IN THE SARAH MCKISSICK LEAGUE, ABSTRACT NUMBER 549, HARRIS COUNTY, TEXAS, INCLUDING (I) ALL OF RESTRICTED RESERVES "A" AND "C" CLEAR CREEK COMMUNITY CHURCH FRIENDSWOOD, A SUBDIVISION PLAT OF RECORD AT FILM CODE NO 691601, HARRIS COUNTY MAP RECORDS (H.C.M.R) AND (II) THE RESIDUE OF A CALLED 135.778 ACRE TRACT OF LAND CONVEYED TO CLEAR CREEK COMMUNITY CHURCH AS DESCRIBED BY DEED RECORDED UNDER HARRIS COUNTY CLERK'S FILE (H.C.C.F.) NO. 20150231965, CITY OF FRIENDSWOOD, HARRIS COUNTY, TEXAS, FROM PUBLIC AND SEMI PUBLIC AND RETAIL TO MIXED USE; AND AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF FRIENDSWOOD TO CHANGE THE ZONING CLASSIFICATION OF SUCH PROPERTY FROM PLANNED UNIT DEVELOPMENT (ORD. 2015-18) TO A REVISED PLANNED UNIT DEVELOPMENT (PUD) TO ALLOW A MIXED-USE DEVELOPMENT; PROVIDING A MAXIMUM PENALTY OF TWO THOUSAND AND NO/100 DOLLARS (\$2,000.00); REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY, PUBLICATION AND AN EFFECTIVE DATE.

WHEREAS, the Friendswood Comprehensive Plan (the "Plan") assists City officials, staff and citizens in making sound decisions affecting the future growth and development of the City and the surrounding area; and

WHEREAS, on October 26, 2023, the Planning and Zoning Commission (the "Commission") reviewed the proposed amendment of the Plan to update the Future Land Use Map contained therein, concerning the property located at 3801 FM 528 Road, Friendswood, Harris County, Teas, being more particularly described as 106.472 acres of land situated in the Sarah McKissick League, Abstract Number 549, Harris County, Texas, including (i) all of Restricted Reserves "A" and "C" Clear Creek Community Church Friendswood, a subdivision plat of record at Film Code No. 691601, Harris County Map Records (H.C.M.R) and (ii) the residue of a called 135.778 acre tract of land conveyed to Clear Creek Community Church as described by deed recorded under Harris County Clerk's File (H.C.C.F.) No. 20150231965, City of Friendswood, Harris County, Texas (the "Property") to change the designation thereof from Public and Semi Public and Retail to Mixed Use; and

WHEREAS, a map depicting the location of the Property is attached hereto, marked Exhibit "A," and made a part hereof for all intents and purposes; and

WHEREAS, on November 6, 2023, a public hearing was conducted at which the public was given the opportunity to give testimony and present written evidence regarding this amendment of the Plan; and

WHEREAS, in accordance with the Friendswood City Code and all applicable laws, the City Council has determined that all public notices have been posted and published and the required hearing on this amendment to the Future Land Use Map has been held; and

WHEREAS, after the Commission's review of the proposed amendment as well as the input received at the public hearing, the City Council desires to amend the Plan to update the Future Land Use Map to better reflect future development within the boundaries of the City; and

WHEREAS, additionally, Madison Development Corp. (the "Owner") made application to the City to change the zoning classification of the Property from Planned Unit Development (Ord. 2015-18) to a revised Planned Unit Development (PUD) to allow a mixed-use development; and

WHEREAS, in accordance with the Friendswood City Code and all applicable laws, the Planning and Zoning Commission and the City Council conducted public hearings on such application, allowing all interested persons the opportunity to be heard; and

WHEREAS, the Planning and Zoning Commission filed with City Council, its final report recommending approval of the application; and

WHEREAS, in accordance with the Friendswood City Code and all applicable laws, the City Council has determined that all public notices have been posted and published and all required hearings on this zoning classification change have been held; and

WHEREAS, the City Council further finds that this ordinance complies with the applicable provisions of the City Charter of the City of Friendswood, the Friendswood City Code and all other applicable laws; and

WHEREAS, after receiving the Commission's final report as well as the input received at the public hearing, the City Council deems it appropriate to approve the application, subject to applicable regulations, restrictions, exceptions, and conditions; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. The facts and matters set forth in the preamble of this ordinance are hereby found to be true and correct.

Section 2. That the City Council of the City of Friendswood, Texas, hereby amends the Friendswood Comprehensive Plan to update the Future Land Use Map concerning the Property to change the Future Land Use Map designation from Public and Semi Public and Retail to Mixed Use. Such amendment is attached hereto as Exhibit "B" and incorporated herein for all intents and purposes.

Section 3. The Official Zoning Map of the City of Friendswood is hereby amended to change the classification of the Property from Planned Unit Development (Ord. 2015-18) to a revised Planned Unit Development (PUD) for the "Friendswood City Center" to allow a

mixed-use development, as further depicted in Exhibit "C-1" and subject to the regulations contained in Exhibit "C-2," which exhibits are attached hereto and incorporated herein for all intents and purposes. The City Council hereby directs the Mayor to sign and the City Secretary to attest to an entry on such map containing the number and effective date of this ordinance along with a brief description of the nature of the change in accordance with Section 3.A.(3), Appendix C of the Friendswood City Code.

Section 4. This ordinance shall in no manner amend, change, supplement or revise any provision of any ordinance of the City of Friendswood, save and except the change in the Future Land Use Map designation of the Property as described in Section 2 hereinabove and the change in zoning classification of the Property as described in Section 3 hereinabove.

Section 5. A violation of this ordinance is subject to the penalty provisions contained in Section 1-14 of the Friendswood City Code and as otherwise provided by law. Any person who shall intentionally, knowingly, recklessly, or with criminal negligence fail to comply with any provision of this ordinance shall be deemed guilty of a misdemeanor and upon conviction thereof, shall be fined in an amount not to exceed \$2,000.00. Each act of violation and each day upon which any such violation shall occur shall constitute a separate offense.

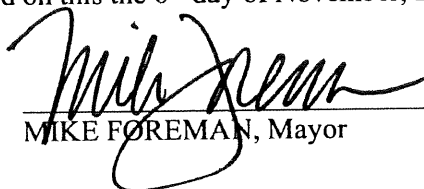
Section 6. That all ordinances or parts of ordinances in conflict or inconsistent with this ordinance are hereby expressly repealed.

Section 7. In the event any section, paragraph, subdivision, clause, phrase, provision, sentence, or part of this ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any and every part of the same, notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, or whether there be one or more parts.

Section 8. The City Secretary shall give notice of the enactment of this ordinance by promptly publishing the caption of this ordinance after final passage in the official newspaper of the City.

Section 9. This ordinance shall take effect upon its publication and the proper entry on the official zoning map in accordance with Section 3.A.(3), Appendix C of the Friendswood City Code.

PASSED, APPROVED and ADOPTED on first and final reading by the affirmative vote of the City Council of the City of Friendswood on this the 6th day of November, 2023.


MIKE FOREMAN, Mayor

ATTEST:


LETICIA BRYSCH, City Secretary



APPROVED AS TO FORM:


KAREN L. HORNER, City Attorney

Location Map

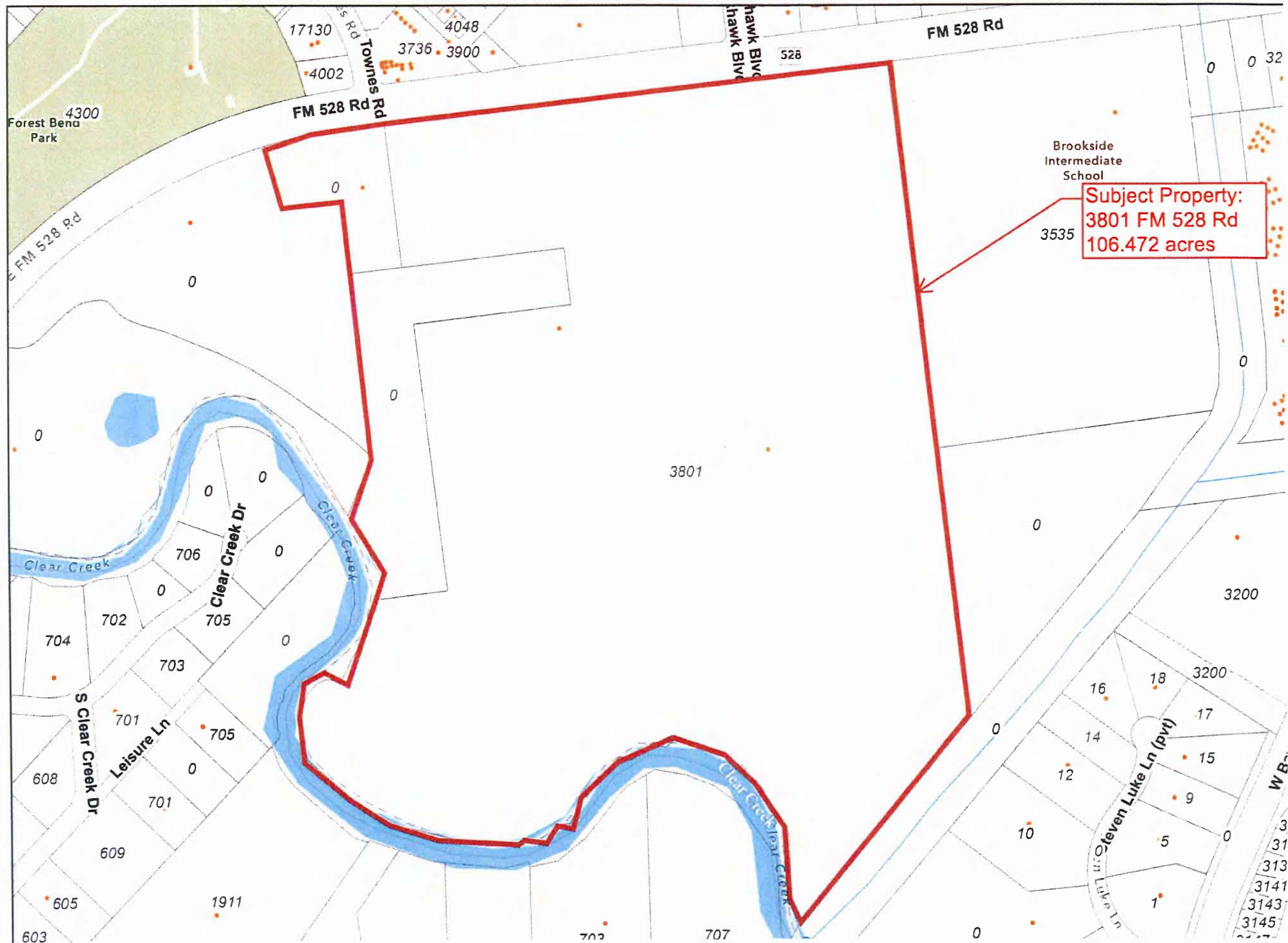
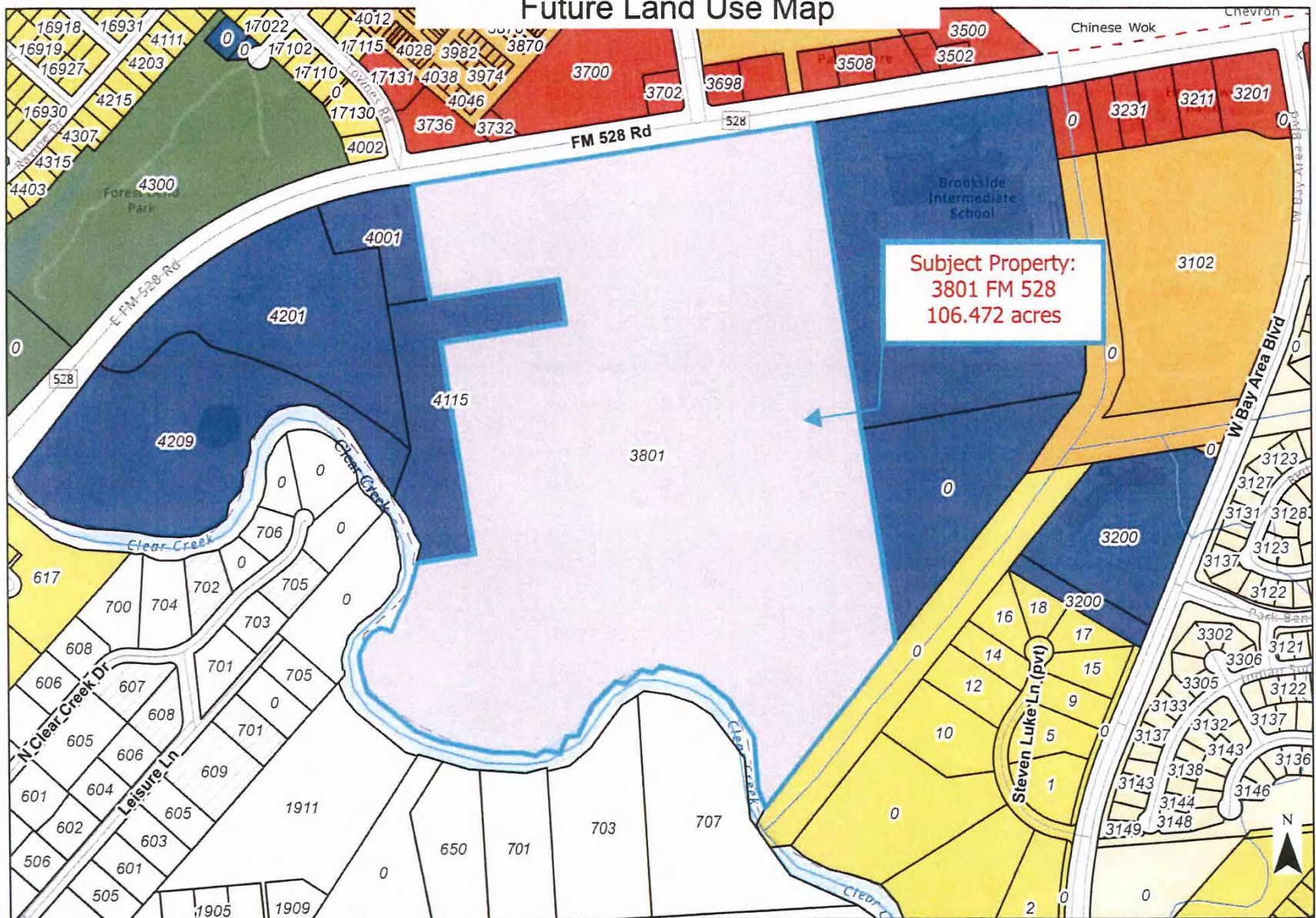


EXHIBIT D Future Land Use Map



- | | | | |
|-------------|--------------|--------------------------|------------------------|
| City Limits | Proposed FLU | High Density Residential | Public and Semi-Public |
| Parcels | SFR- Estate | Mixed Use | Regional Detention |
| Streets | Low Density | Retail | Buyout Lots |
| Creeks | Garden Homes | Parks | |

0 0.05 0.1 0.2 Miles

Exhibit "C-1" Zoning Map

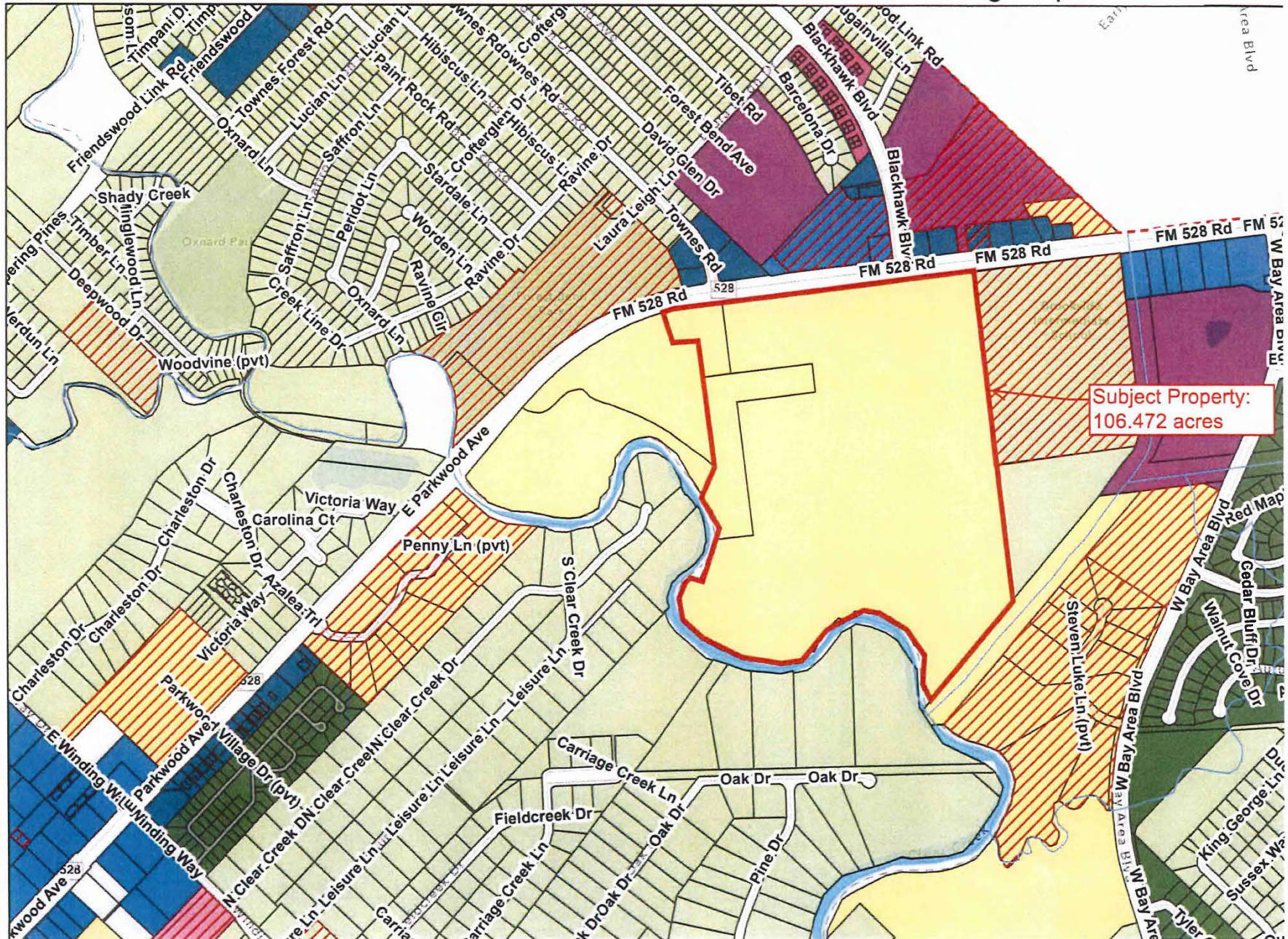


Exhibit "C-2"

**Planned Unit Development
Friendswood City Center PUD**

Prepared For
Tannos Development Group, LLC

August, 2023



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I Introduction

II Regulations

III Permitted Uses

Exhibit A	Site Plan
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Exhibit C	Mixed Use Parking Analysis
Exhibit D	Public Trails and Paths
Exhibit E	Project Phases
Exhibit F1	Exterior Finishes
Exhibit F2	Architectural Features
Exhibit F3	Examples of Site Amenities

Friendswood City Center PUD

INTRODUCTION

Purpose

This application has been prepared on behalf of Tannos Development LLC, pursuant to the City of Friendswood's Ordinances related to a Planned Unit Development (PUD). The purpose of the PUD District is to encourage flexibility in the development of land, promote the most appropriate uses, and encourage a cohesive Mixed Use Development. This PUD will establish development regulations and standards that will ensure quality development, consistent with the intent of the Friendswood Subdivision and Zoning Ordinances.

Location and Existing Conditions

Friendswood City Center PUD is located on a + 107 Acre tract located South of FM 528, with Clear Creek forming a natural boundary on the West and South borders and Brookside Intermediate School to the East. The subject tract will be bisected with an Extension of Blackhawk Blvd from 528 to Bay Area Blvd. Approximately 50 Acres of the site is located within the Flood Way of the Clear Creek Watershed, 38 Acres are located within the AE Flood Zone and 19 Acres are located within the X Flood Zone. The Majority of the area located within the AE Zone will be raised out of the flood plain by mitigation within the Park Area. All Buildings will be constructed above the Flood Plain.

PROJECT DESCRIPTION

The Planning Concept is to provide a strong neighborhood identity with walkable mixed-use facilities that allow access to services and other businesses without requiring residents to use a car as their main mode of transportation. To accomplish this, Friendswood City Center PUD will combine commercial, retail, hospitality, office, and multifamily residential developments into a vibrant community with walkable streets that support alternative modes of transportation. All areas of the community will be connected with 10-0 wide Shared Use Paths. In the Park Area, the paths will be created out of decomposed granite and will be referred to as trails. In all other areas, the paths will be created using a combination of concrete with paver and stone accents. Path Users are non-motorized and may include but are not limited to: bicyclists, in-line skaters, roller skaters, wheelchair users (both non-motorized and motorized) and pedestrians, including walkers, runners, people with baby strollers, people walking dogs, etc. These facilities will be designed for two-way travel.

For transportation and parking demand management, the concept is to create slower-paced streets with head-in parking and pavement designed to enhance pedestrian safety. Surface Parking will be minimized with the majority of parking located within above ground parking garages designed to blend in with the building facades. All parking garages will be required to leave at least 20 percent of their parking spaces available for public parking and may be a fee lot. All areas, except the gated area of the Multi-Family Residential Development, will have cross parking access.

Friendswood City Center PUD

DEVELOPMENT GUIDELINES

Unless otherwise outlined in this document, all City of Friendswood Subdivision and Zoning regulations in place at the time this document is adopted shall apply to the PUD. Any change to the below guidelines and/or other applicable regulations shall require a variance or an amendment to the PUD.

Friendswood City Center PUD

Building Regulations

Friendswood City Center PUD Regulation Matrix

PUD Zoning District	Units Per Acre	Lot Area Minimum Sq Ft	Lot Width Minimum Sq Ft	Lot Depth Minimum Sq Ft	Front Yard Setback	Rear Yard Setback	Interior Side Yard	Exterior Side Yard	Maximum Height (4 stories)	Landscape Buffer Width (FM 528)	Landscape Buffer Width (Except FM 528)
Lot 1	n/a	15000	100	150	100	10	10	25	40	15	5
Lots 2-5	n/a	15000	100	150	160	10	10	25	40	15	5
Lots 7	29	15000	100	150	0	10	10	10	70	0	0
Lots 8	n/a	15000	100	150	0	10	10	10	70	0	0
Lots 6, 9, 10	29	15000	100	150	50	0	10	25	70	15	5
Lot 11	29	15000	100	150	0	0	10	25	70	0	0
Lot 12 MFR	29	n/a	n/a	n/a	25	0	25	25	70	0	5

Base zoning districts CSC and MFR H per COF Zoning Ordinance

Lot coverage based on approved drainage plan

Landscape buffers may include walkways, boardwalks, patios, plazas, courtyards, bulkheads, retaining walls, and similar structures are permitted in the landscape buffer except for along FM 528.

No multifamily use shall be allowed on the first floor of Lots 6, 7, 9 and 10.

(a) *Street Setbacks:*

Walkways, Boardwalks, Patios, Plazas, Courtyards, bulkheads, retaining walls and similar structures will be permitted in the landscape buffer/setback area except for area abutting FM 528.

Building setback is measured from the right-of-way or property line.

Friendswood City Center PUD

Permitted Use Table

Residential Uses	
Single-Family Residence	
Garden Home Residence	
Multiple-Family Residence—Low Density	
Multiple-Family Residence—Medium Density	P
Multiple-Family Residence—High Density	P
Mobile Home Residence	

	2017 NAICS Industry Descriptions	
	Sexually oriented businesses (Ch. 62)	
11	<i>Agriculture, Forestry, Fishing and Hunting</i>	
111	Crop production	
1114	Greenhouse, nursery, and floriculture production	
112	Animal production and aquaculture	
113	Forestry and logging	
1133	Logging	
114	Fishing, hunting, and trapping	
115	Support activities for agriculture and forestry	
21	<i>Mining, Quarrying, and Oil and Gas Extraction</i>	
211	Oil and gas extraction	
212	Mining (except oil and gas)	
213	Support activities for mining	
22	<i>Utilities</i>	
221	Utilities	
23	<i>Construction</i>	
236	Construction of buildings	
237	Heavy and civil engineering construction	
238	Specialty trade contractors	
31-33	<i>Manufacturing</i>	
311	Food manufacturing	
311811	Retail bakeries	
3121	Beverage manufacturing (i.e. Breweries, wineries)	P
3122	Tobacco manufacturing	
313	Textile mills	

Friendswood City Center PUD

314	Textile product mills	
315	Apparel manufacturing	
316	Leather and allied product manufacturing	
3161	Leather and hide tanning and finishing	
321	Wood product manufacturing	
322	Paper manufacturing	
323	Printing and related support activities	
323113	Commercial screen printing	
324	Petroleum and coal products manufacturing	
325	Chemical manufacturing	
325412	Pharmaceutical preparation manufacturing	
326	Plastics and rubber products manufacturing	
3262	Rubber product manufacturing	
327	Nonmetallic mineral product manufacturing	
331	Primary metal manufacturing	
332	Fabricated metal product manufacturing	
333	Machinery manufacturing	
334	Computer and electronic product manufacturing	
335	Electrical equipment, appliance, and component manufacturing	
33591	Battery manufacturing	
336	Transportation equipment manufacturing	
337	Furniture and related products manufacturing	
339	Miscellaneous manufacturing	
3391	Medical equipment and supplies manufacturing	
42	Wholesale Trade	
423	Merchant wholesalers, durable goods	O
424	Merchant wholesalers, nondurable goods	O
425	Wholesale trade agents and brokers	O
44-45	Retail Trade	
4411	Automobile dealers	
4412	Other motor vehicle dealers	
4413	Automotive parts, accessories, and tire retailers (i.e. Auto Zone, O'Riley's)	
4491	Furniture and home furnishing retailers	P
4492	Electronics and appliance retailers	P
444	Building material and garden equipment and supplies dealers	
444180	Other building material dealers	
445	Food and beverage retailers	P
4561	Health and personal care retailers	P
457	Gasoline stations and fuel dealers (Lot 5 only)	P

Friendswood City Center PUD

45712	Other gasoline stations	
458	Clothing, clothing accessories, shoe, and jewelry retailers	P
4591	Sporting goods, hobby, and musical instrument, retailers	P
4592	Book retailers and news dealers	P
4593	Florists	P
4594	Office supplies, stationary, and gift retailers	P
455	General merchandise retailers	P
4595	Used merchandise retailers	P
45993	Manufactured (mobile) home dealers	
459910	Pet and Pet Supply Retailers	P
459920	Art Dealers	P
48-49	Transportation And Warehousing	
481	Air transportation	O
482	Rail transportation	O
483	Water transportation	O
484	Truck transportation	O
485	Transit and ground passenger transportation	O
486	Pipeline transportation	O
487	Scenic and sightseeing transportation	O
488	Support activities for transportation	O
48841	Motor vehicle towing	
491	Postal service	
492	Couriers and messengers	O
493	Warehousing and storage	
51	Information	
513	Publishing industries	P
512	Movie Theaters	P
516	Broadcasting and content providers (i.e. Comcast, Netflix, etc.)	P
517	Telecommunications	O
517121	Telecommunication resellers	O
518	Computing infrastructure providers, data processing, web hosting and related services	
519	Web search portals, libraries, archives, and other information services	O
52	Finance and Insurance	
521	Monetary authorities—Central bank	P
522	Credit intermediation and related activities	P
522299	International, secondary market, and all other non- depository credit intermediation (i.e., pawn shops)	

Friendswood City Center PUD

523	Securities, commodity contracts, and other financial investments and related activities	P
524	Insurance carriers and related activities	P
525	Funds, trusts, and other financial vehicles	P
53	<i>Real Estate and Rental and Leasing</i>	
531	Real estate	P
53113	Lessors of mini warehouses and self-storage units	
532	Rental and leasing services (i.e. car rentals, formal wear and costumes, home health equipment, etc.)	
53212	Truck, utility trailer, and RV rental and leasing	
533	Lessors of nonfinancial intangible assets (except copyrighted works)	
54	<i>Professional, Scientific and Technical Services</i>	
541	Professional, scientific, and technical services	P
54138	Testing laboratories	P
55	<i>Management of Companies and Enterprises</i>	
551	Management of companies and enterprises	P
56	<i>Administrative and Support and Waste Management and Remediation Services</i>	
561	Administrative and support services	P
561730	Landscaping services	
56179	Other services to buildings and dwellings	
562	Waste management and remediation services	
61	<i>Education Services</i>	
6111	Elementary and secondary schools	
6112	Junior colleges	
6113	Colleges, universities, and professional schools	
6114	Business schools and computer and management training	P
6115	Technical and trade schools	P
6116	Other school and instruction (i.e. dance, gymnastics, tutoring)	P
62	<i>Health Care and Social Services</i>	
621	Ambulatory health care services	P
622	Hospitals	S
6231	Nursing care facilities—Skilled nursing facilities	S
6232	Residential, intellectual and development disability, mental health, and substance abuse facilities	
623311	Continuing care retirement communities (with on-site nursing)	
623312	Assisted living facilities for the elderly (without on-site nursing)	
624	Social assistance	
6244	Child day care services (childcare centers)	P

Friendswood City Center PUD

6244	Child day care services (registered and/or licensed childcare home)	P
71	Arts, Entertainment and Recreation	
7111	Performing arts (i.e. theater companies, dinner theaters, dance companies, musical groups and artists)	P
7112	Spectator sports	
711320	Promoters of performing arts, sports, and similar events w/o facilities	P
712110	Museums (i.e. art galleries and wax museums)	P
712120	Historical Sites (i.e. state or local historical societies)	P
7131	Amusement parks and arcades	
7132	Gambling industries	
7139	Other amusement and recreation industries (i.e. game rooms, bowling)	P
713940	Fitness and recreational sports centers	P
713990	All other amusement and recreation activities (i.e. mini golf, billiards, escape rooms)	P
72	Accommodation and Food Services	
7211	Traveler accommodation	P
7212	RV (recreational vehicle) parks and recreational camps	
7213	Rooming houses and boardinghouses	
7223	Special food services	P
7224	Drinking places (more than 75% sales of alcoholic beverages)	P
7225	Restaurants and other eating places	P
81	Other Services (Except Public Administration)	
8111	Automotive repair and maintenance	
81112	Automotive body, paint, interior, and glass repair	
8112	Electronic and precision equipment repair and maintenance	
8113	Commercial and industrial machinery and equipment (except automotive and electronic repair and maintenance)	
811430	Footwear and leather goods repair	P
8121	Personal care services	P
812220	Cemeteries	P
8123	Dry cleaning and laundry services	P
8129	Other personal services	P
8131	Religious organizations	
8132	Grantmaking and giving services	O
8133	Social advocacy organizations	O
8134	Civic and social organizations	O
8139	Business, professional, labor, political, and similar organizations	O
814	Private households	
92	Public Administration (City Services)	

Friendswood City Center PUD

921	Executive, legislative, and other general government support	P
922	Justice, public order, and safety activities	P
92214	Correctional institutions	
923	Administration of human resource programs	P
924	Administration of environment quality programs	P
925	Administration of housing programs, urban planning, and community development	P
926	Administration of economic programs	P
927	Space research and technology	P
928	National security and international affairs	P

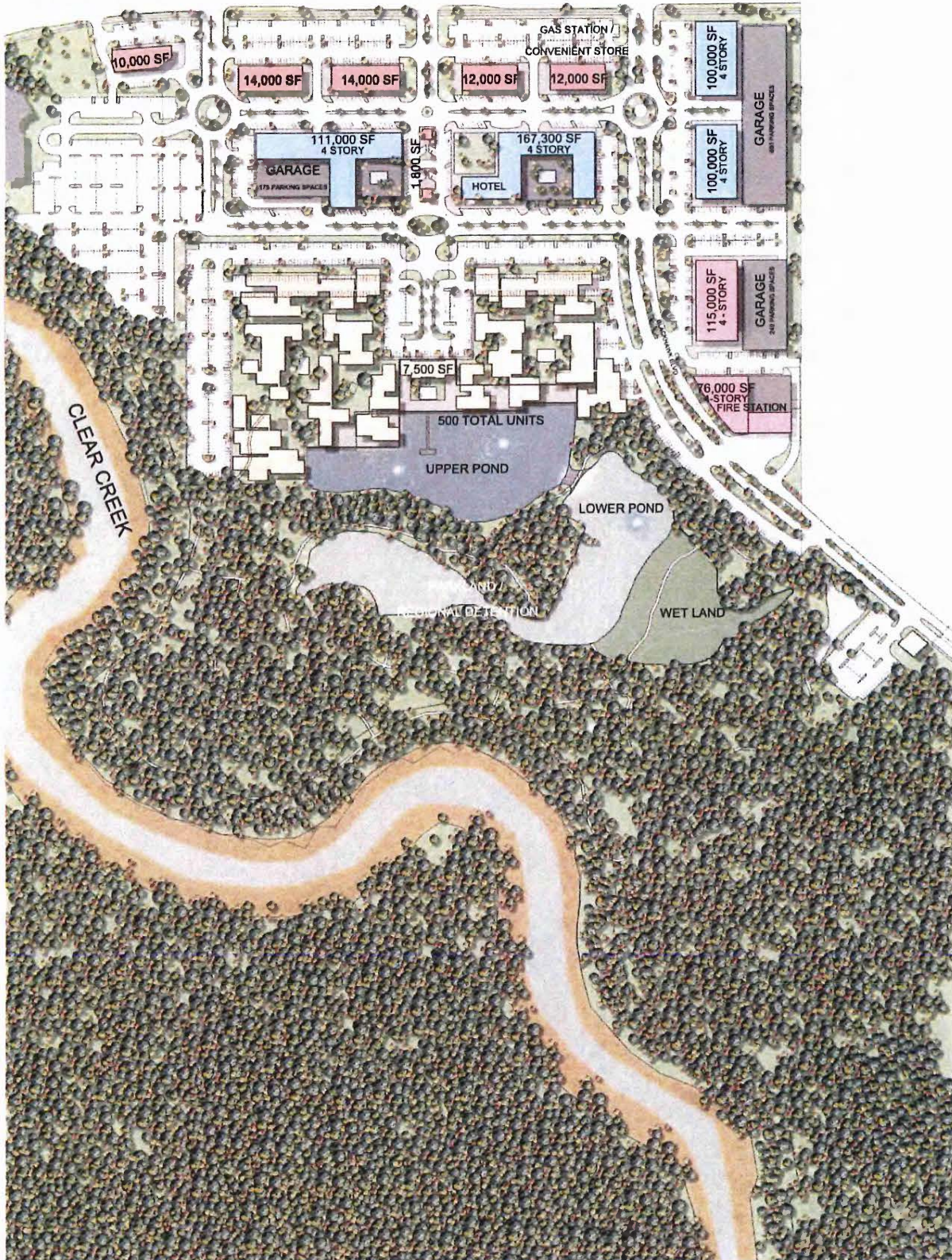
(a) Legend:

1. P: Permitted.
2. S: Special use permit required.
3. O: Office use only.
4. Blank: Not permitted.

- (b) Notwithstanding the permitted uses depicted in this table, which are intended to address uses not otherwise regulated or restricted by federal, state, or related law for protected specific uses, it is the intention of the PUD to fully comply with all such legal requirements. Any applicant who is relying upon any such specific rules or regulations not otherwise addressed in this table shall provide the relevant provisions to the city for review.

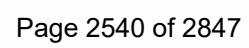
- RETAIL | 63,800 SF
- OFFICE | 191,000 SF
- MIXED USE | 478,300 SF
- GARAGE | 1,215 PARKING SPACES
- APARTMENTS | 500 UNITS

FM 528



528 Site Calculations

		Qty	% of Site			Qty	% of Site
Lot 1	Total Site Area	69,715 SF	100%	Lot 7	Total Site Area	138,181 SF	100%
	Parking Lot & Drive Area	31,693 SF	45%		Parking Lot & Drive Area	56,006 SF	41%
	Other NonPervious Area	6,249 SF	9%		Other NonPervious Area	24,482 SF	18%
	Bldg SF	10,290 SF	15%		Bldg SF	40,380 SF	29%
	Green Space	21,483 SF	31%		Green Space	17,312 SF	13%
	Parking Spaces	74 Spaces			Parking Spaces	240 Spaces	
Lot 2	Total Site Area	69,066 SF	100%	Lot 8	Total Site Area	138,132 SF	100%
	Parking Lot & Drive Area	34,793 SF	50%		Parking Lot & Drive Area	26,821 SF	19%
	Other NonPervious Area	1,099 SF	2%		Other NonPervious Area	42,377 SF	31%
	Bldg SF	13,882 SF	20%		Bldg SF	40,128 SF	29%
	Green Space	13,292 SF	19%		Green Space	28,806 SF	21%
	Parking Spaces	102 Spaces			Parking Spaces	189 Spaces	
Lot 3	Total Site Area	71,083 SF	100%	Lot 9	Total Site Area	134,038 SF	100%
	Parking Lot & Drive Area	35,660 SF	50%		Parking Lot & Drive Area	77,884 SF	58%
	Other NonPervious Area	7,286 SF	10%		Other NonPervious Area	11,271 SF	8%
	Bldg SF	15,008 SF	21%		Bldg SF	25,800 SF	19%
	Green Space	13,129 SF	18%		Green Space	19,083 SF	14%
	Parking Spaces	108 Spaces			Parking Spaces	296 Spaces	
Lot 4	Total Site Area	70,283 SF	100%	Lot 10	Total Site Area	160,218 SF	100%
	Parking Lot & Drive Area	33,875 SF	48%		Parking Lot & Drive Area	88,420 SF	55%
	Other NonPervious Area	8,861 SF	13%		Other NonPervious Area	14,904 SF	9%
	Bldg SF	12,006 SF	17%		Bldg SF	28,200 SF	18%
	Green Space	15,541 SF	22%		Green Space	28,694 SF	18%
	Parking Spaces	101 Spaces			Parking Spaces	619 Spaces	
Lot 5	Total Site Area	68,747 SF	100%	Lot 11	Total Site Area	76,843 SF	100%
	Parking Lot & Drive Area	33,625 SF	49%		Parking Lot & Drive Area	46,874 SF	61%
	Other NonPervious Area	8,412 SF	12%		Other NonPervious Area	3,221 SF	4%
	Bldg SF	11,999 SF	17%		Bldg SF	17,918 SF	23%
	Green Space	14,711 SF	21%		Green Space	8,830 SF	11%
	Parking Spaces	97 Spaces			Parking Spaces	305 Spaces	
Lot 6	Total Site Area	119,660 SF	100%	Lot 12	Total Site Area	765,801 SF	100%
	Parking Lot & Drive Area	56,297 SF	47%		Parking Lot & Drive Area	287,440 SF	38%
	Other NonPervious Area	6,947 SF	6%		Other NonPervious Area	44,204 SF	6%
	Bldg SF	25,800 SF	22%		Bldg SF	175,895 SF	23%
	Green Space	30,616 SF	26%		Green Space	258,262 SF	34%
	Parking Spaces	296 Spaces			Parking Spaces	780 Spaces	
Public	Total Site Area	2,756,133 SF	n/a	Lot 13	Total Site Area	2,251,203 SF	100%
	Parking Lot & Drive Area	n/a	n/a		Parking Lot & Drive Area	n/a	n/a
	Other NonPervious Area	n/a	n/a		Other NonPervious Area	n/a	n/a
	Bldg SF	n/a	n/a		Bldg SF	n/a	n/a
	Green Space	n/a	n/a		Green Space	n/a	n/a
	Parking Space	325 Spaces	n/a		Parking Spaces		
Total Site Calculations							
	Total Site Area	4,637,900 SF	100%				
	Parking Lot & Drive Area	809,388 SF	17%				
	Other NonPervious Area	179,313 SF	4%				
	Bldg SF	417,306 SF	9%				
	Green Space	469,759 SF	10%				
	Parking Spaces	3,532 Spaces					



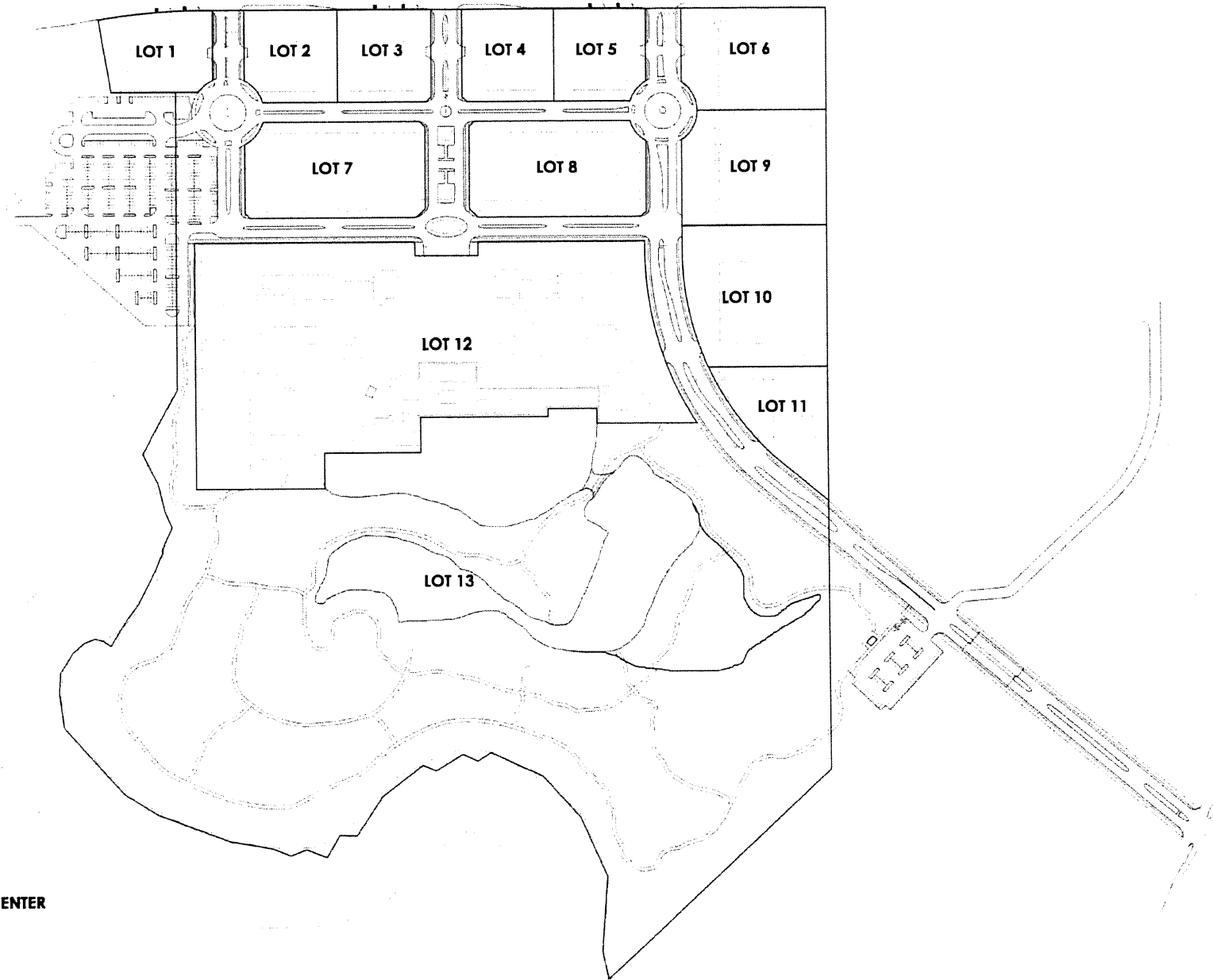


FM 528



TANNOS
DEVELOPMENT GROUP, LLC



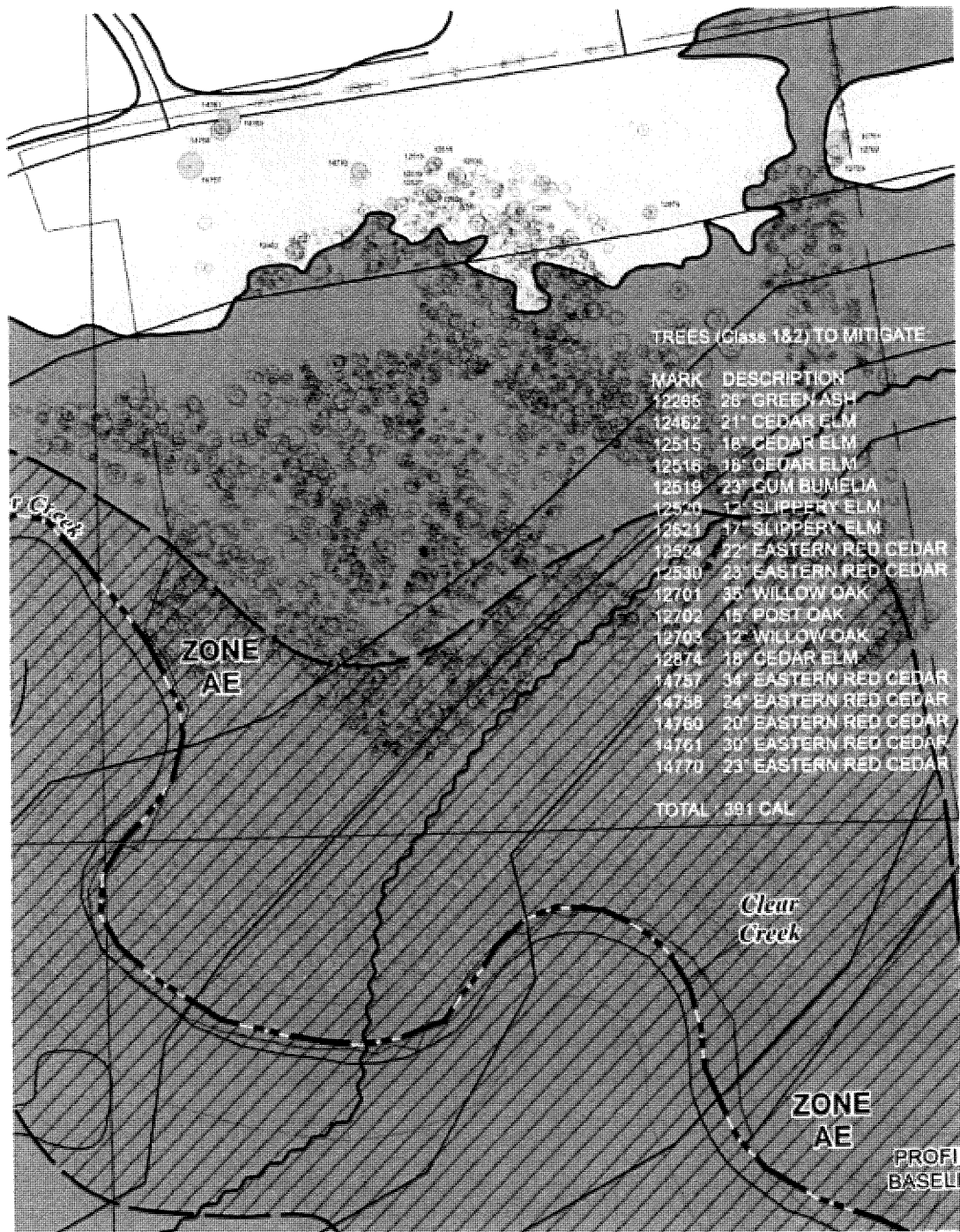


FRIENDSWOOD CITY CENTER
SITE PLAN | LOTS

Friendswood City Center PUD

Exhibit B | TREE MITIGATION PLAN

Class 1 and Class 2 Trees to be Mitigated with New On-Site Street Trees of Class 1 & 2 as Follows: 12-24 inch Cal to be replaced with 266 inch cal at 100% = 266 inch cal.
24.1-36 inch Cal to be replaced with 125 inch cal at 150% = 187.5 inch cal.
No trees greater than 36 inch Cal.



Friendswood City Center PUD

Exhibit C | Mixed Use Parking Calculations

Class	Use	Parking Required	Weekday	Weekday	Weekday	Weekday	Weekend	Weekend	Weekend	Weekend
			Midnight to 7AM	7AM to 5PM	5PM to 9PM	9PM to Midnight	Midnight to 7AM	7AM to 9PM	9PM to 11PM	11PM to Midnight
1	Office	772	38.6	772	231.6	38.6	0	77.2	0	0
	Financial Facility	0	0	0	0	0	0	0	0	0
2	Apartment	996	996	249	498	946.2	996	647.4	498	846.6
	Motel	255	255	25.5	127.5	216.75	255	25.5	127.5	191.25
	Clinic (Medical Complex)	450	22.5	450	225	22.5	0	45	0	0
3	Clinic (Medical or Dental)	0	0	0	0	0	0	0	0	0
	Veterinary Clinic	0	0	0	0	0	0	0	0	0
4	Industrial/Warehouse/ Manufacturing	0	0	0	0	0	0	0	0	0
	Church	0	0	0	0	0	0	0	0	0
	Day Care	0	0	0	0	0	0	0	0	0
5	School	0	0	0	0	0	0	0	0	0
	Library	0	0	0	0	0	0	0	0	0
	Art Gallery	0	0	0	0	0	0	0	0	0
	Movie Theater	0	0	0	0	0	0	0	0	0
6	Bowling Alley	0	0	0	0	0	0	0	0	0
	Gym/Health Spa	0	0	0	0	0	0	0	0	0
	Dessert Shop	0	0	0	0	0	0	0	0	0
	Small Restaurant	507	50.7	253.5	380.25	202.8	76.05	180.25	50.7	253.5
	Neighborhood Restaurant	0	0	0	0	0	0	0	0	0
7	Restaurant	250	25	125	187.5	100	37.5	187.5	250	125
	Tavern	0	0	0	0	0	0	0	0	0
	Small Bar	0	0	0	0	0	0	0	0	0
	Bar, club or lounge	0	0	0	0	0	0	0	0	0
8	Retail (excluding shopping center)	626	31.3	313	469.5	62.6	31.3	626	469.5	62.6
9	Auto Parts and Supply Store	0	0	0	0	0	0	0	0	0
	All Others	0	0	0	0	0	0	0	0	0
Total			3856	1419.1	2188	2119.35	1589.45	1395.65	1985.85	1852
			2188							
Put 1 if this qualifies as a historic building			0		0					
Total Reduction					0					
PARKING SPACES REQUIRED:			2188							

Proposed Parking on Site: 3600 Spaces

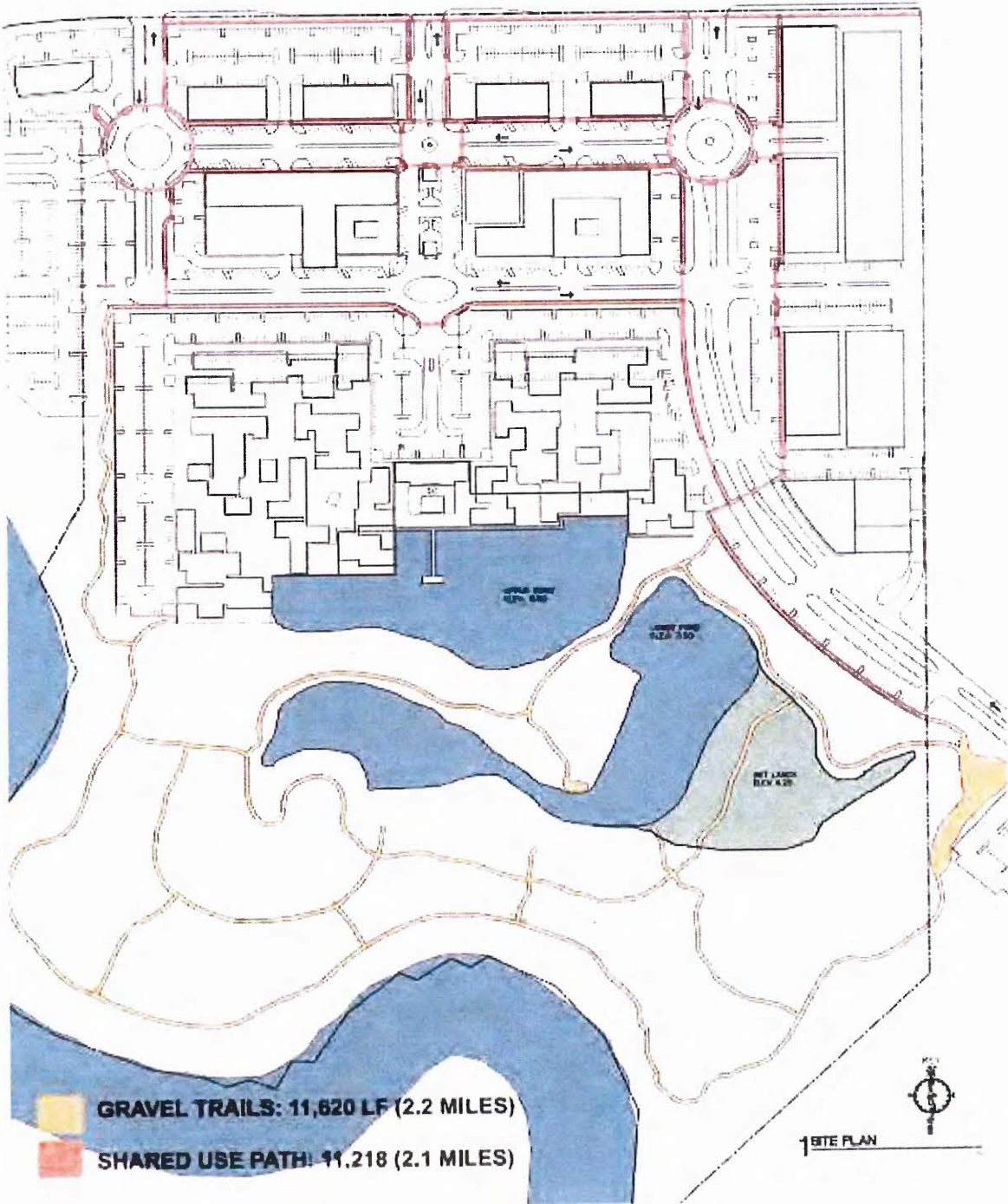
Friendswood City Center PUD

Worksheet: C:\Users\james\Documents\Friendswood City Center PUD\Appendix C Parking Group Table.xlsx

Parking Calculations per Use based on City of Friendswood Appendix C Parking Group Table:

	RATIO/A AREA	6.0 RETAIL	10.0 REST	3.8 OFF < 25	3.4 OFF 25-100	2.8 OFF > 100	15.0 BAR	4.5 MFG/COMF	0.4 CHURCH	1.5 HOTEL	1.3 Hotel	1.5 Apt 1B	1.8 Apt 2B	2.0 Apt 3B
LOT1	10,290	5806	4482											
LOT2	11,882	9009	4873											
LOT3	15,006	5713	9293											
LOT4	12,006	6791	5215											
LOT5	12,000	6000	9576											
LOT6	100,000	38000	12000		50000									
LOT7	120,000	15000	5500		15000							45	45	
LOT8	120									120				
LOT9	100,000	18000	12000		70000									
LOT10	112,800		12800					100000						
LOT11	72,000				72000									
LOT12	500 Apts											175	250	75
Totals per Use		626	757	0	772	0	0	450	0	255	0	310	536	150

Exhibit D | Project Trails



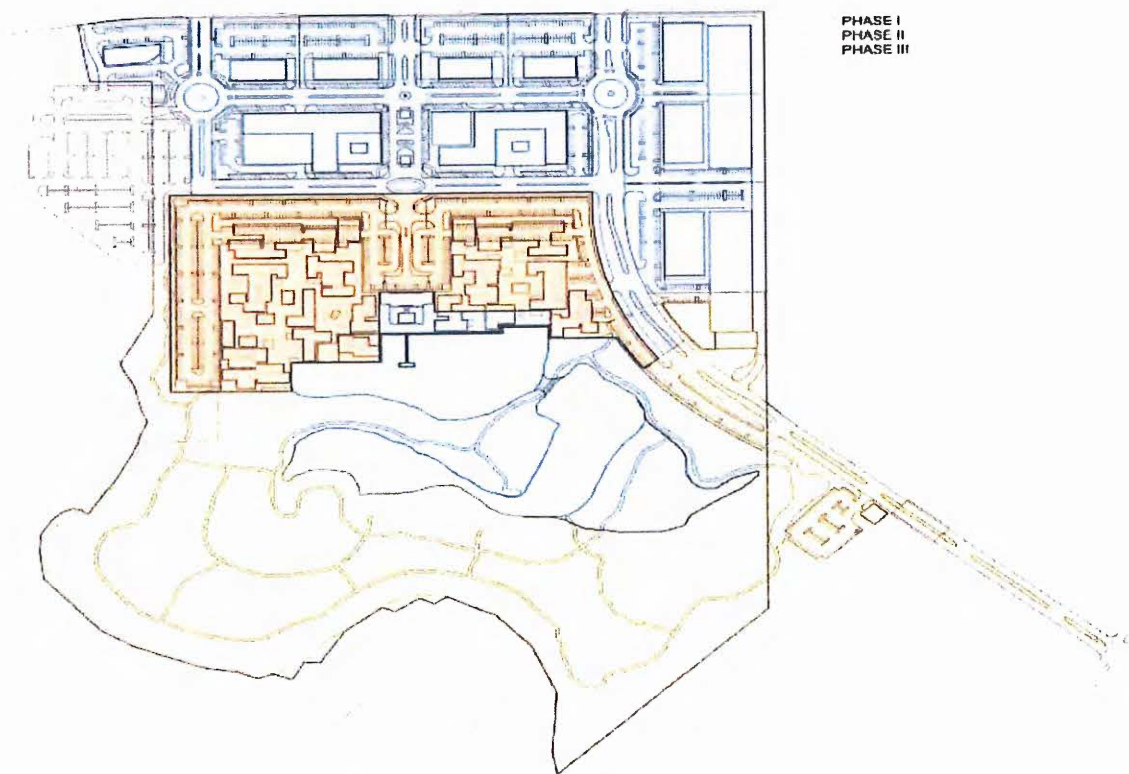


1. The park is a beautiful place
with many trees and flowers.

Bike Trail

1. The trail is a beautiful place
with many trees and flowers.
2. The trail is a beautiful place
with many trees and flowers.

Exhibit E | Project Phases



- Phase I: Excavation of Pond/Detention Area
Construction of Main Road Corridor and Underground Infrastructure
Construction of Lots 1-10 to Begin
- Phase II: Extension of Blackhawk Road
Construction of Fire Station and Lot 11
Construction of Public Park
- Phase III: Phase III Construction may fall at any time after completion of the Main Road Corridor and Underground Infrastructure

Exhibit F1 | Exterior Finishes

Exterior Finishes shall incorporate the use of building materials that provide for an aesthetically pleasing and consistent overall development, while recognizing the benefits of diversity. In that regard, the following building materials shall be permitted:

(a.) All exterior walls shall be at least sixty percent (60%) masonry, glass or metal. Masonry coverage calculation does not include doors, windows, window box-outs, or bay windows that do not extend to the foundation.

1. Stone material. Masonry construction using stone material may consist of granite, marble, limestone, slate, and other hard and durable naturally occurring all weather stone. Stone shall be cut and dimensioned stone with natural or machined finishes.
2. Brick material. Brick material used for masonry construction shall be hard fired (kiln fired) clay or slate material which meets the latest version of ASTM standard C216, Standard Specification for Facing Brick (Solid Masonry Unit Made of Clay or Shale), and shall be Severe Weather (SW) grade, and Type FBA or FBS or better.
3. Concrete masonry units. Concrete masonry units used for masonry construction shall meet the latest version of the following applicable specifications; ASTM C90, Standard Specification for Hollow Load Bearing Concrete Masonry Units; ASTM C145, Standard Specification for Solid Load Bearing Masonry Units; ASTM C129, Standard Specification for Hollow and Solid Nonload Bearing Units. Concrete masonry units are not acceptable as an exterior finish.
4. Architectural Concrete Panels. Smooth Prefinished Architectural concrete panel construction is acceptable and may be used as an exterior finish. Concrete Panels poured on site (including tilt-wall construction) may be used but is not acceptable as an exterior finish.
5. Stucco (exterior Portland cement plaster with three (3) coats over metal lath or wire fabric lath with acrylic top coat finish).
6. Cement fiberboard;
7. Architectural glass block (less than 25 percent reflectance).
8. Aluminum Composite Metal Exterior Cladding Panels (ACM). Composite dry joint wall panel rainscreen system with associated aluminum girts, panel splices, bases, head flashing, clips, shims and fasteners.
9. Solid Composite Architectural Panels. Composite dry joint wall panel rainscreen or blind fastened system with associated aluminum girts, panel splices, bases, head flashing, clips, shims and fasteners.

(b) Structures 20,000 square feet or less shall require a minimum of two (2) distinct building materials from the approved masonry list be utilized on all facades to provide architectural detail and interest.

Friendswood City Center PUD

(c) Structures over 20,000 square feet shall require a minimum of three (3) distinct building materials from the approved masonry list be utilized on all facades to provide architectural detail and interest.

(d) Secondary materials must cover a minimum of ten percent (10%) of the building facade on all sides.

(e) Roofing materials. Flat roof areas shall be a fifteen (15) year Class A, TDI Approved PVC or TPO membrane roofing system, mechanically or adhered fastened, with a minimum solar reflectance of 0.78 and a minimum thermal emittance of 0.87 (Energy Star). Sloped roof areas shall be standing seam metal finished to match the exterior window frame system and be less than twenty percent (20%) of the buildings total roof area.

(f) Prohibited materials. The following materials are prohibited:

1. Aluminum siding or cladding.
2. Corrugated, metal, plastic, or fiberglass panels.
3. Galvanized, aluminum coated, zinc aluminum coated or unpainted exterior metal except as permitted as architectural accent material.
4. Wood siding or plastic siding.
5. Synthetic stucco, Exterior Insulation and Finish System (EIFS), placed less than four (4) feet above grade.
6. Exposed aggregate.
7. Corten Steel Panels.

Exhibit F1 | Exterior Finishes

Contemporary Brick (examples of colors)



Cut Stone, split-faced or honed (examples of colors)



Wood Composite, (examples of colors)

Approved accent colors to be no more than 15% of building



Primary Paint Colors (examples)

Approved accent colors to be no more than 15% of building



Composite Metal Panels, (examples of colors)

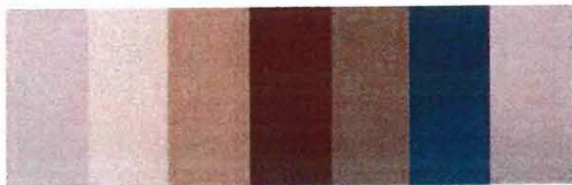


Exhibit F2 | Architecture Features and Schematic Design Concepts

Architecture



Focal Points

Friendswood City Center PUD

Exhibit F2 | Architecture Features and Schematic Design Concepts



Friendswood City Center PUD

Exhibit F2 | Architecture Features and Schematic Design Concepts



Exhibit F3 | Examples of Site Amenities

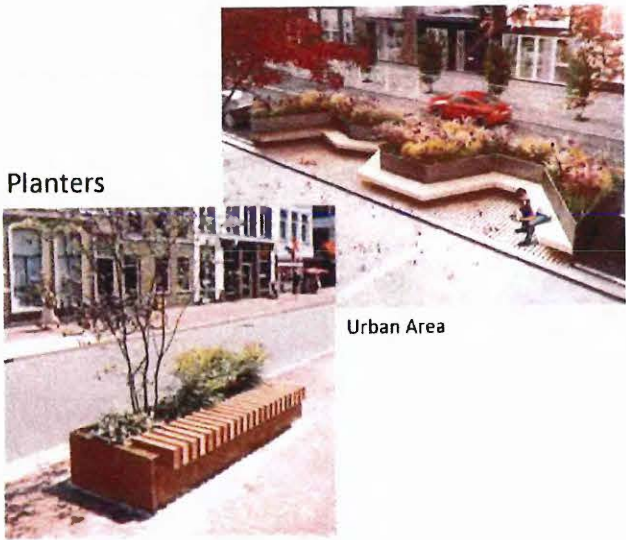
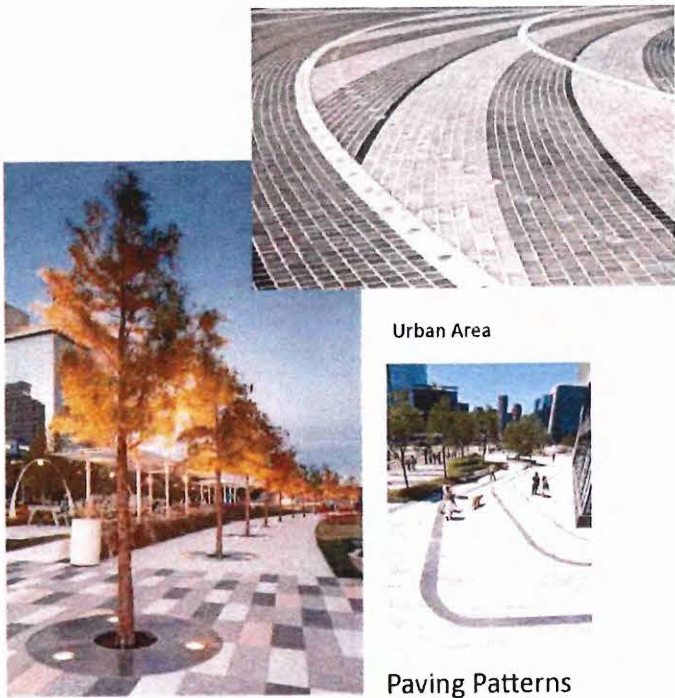


Exhibit F3 | Examples of Site Amenities

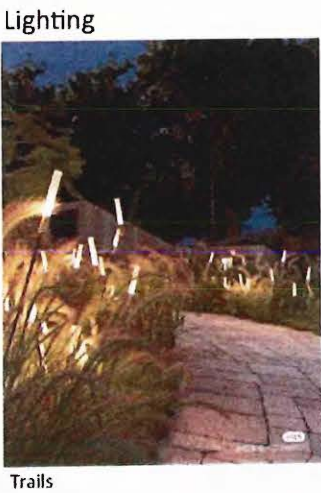
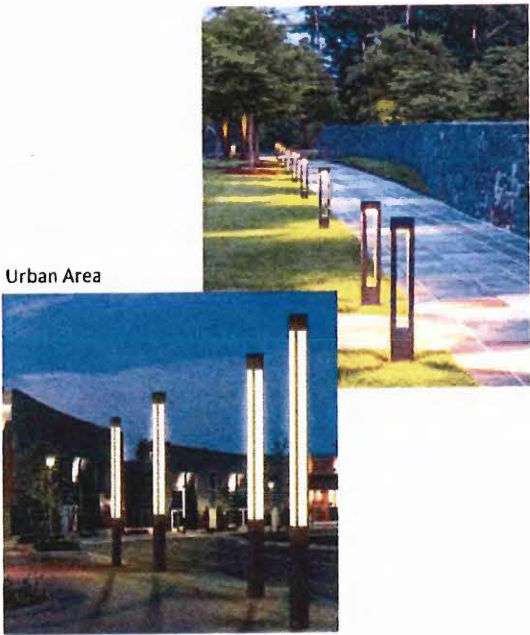


EXHIBIT C

PUBLIC IMPROVEMENTS AND PROJECT COSTS

The Projects listed and their costs are estimates and final projects and costs of the Public Improvements shall be as set forth in the applicable Service and Assessment Plan. The Service and Assessment Plan will also include costs of issuance for the PID Bonds.



FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023

CONSTRUCTION COST SUMMARY

UNIT A: SITE PREPARATION	\$ 235,000
UNIT B: CLEARING, GRUBBING, & DEMOLITION	\$ 876,660
UNIT C: POLLUTION PREVENTION AND MISCELLANEOUS	\$ 102,750
UNIT D: EARTHWORK, PAVING & GRADING	\$ 13,931,727
UNIT E: WATER DISTRIBUTION SYSTEM	\$ 993,312
UNIT F: STORM DRAINAGE SYSTEM	\$ 4,845,663
UNIT G: DETENTION	\$ 6,880,375
UNIT H: SANITARY SEWER SYSTEM	\$ 1,227,454
UNIT I: SANITARY LIFT STATION	\$ 1,330,700
UNIT J: MISCELLANEOUS - LANDSCAPING	\$ 14,860,276
UNIT K: MISCELLANEOUS - CIVIL	\$ 6,583,184
CONSTR. CONTINGENCIES (10%)	\$ 5,186,710
ENGINEERING AND SURVEYING	\$ 1,774,145

TOTAL CONSTRUCTION COSTS

\$ 58,827,956

Notes:

Approved By:

Tyler Munson
Managing Partner San Antonio
F-9756



12/14/2023 Firm #9756

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT A: SITE PREPARATION</u>					
1.	Mobilization	LS	1.00	<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>
2.	Construction Staking	LS	1.00	<u>\$ 35,000.00</u>	<u>\$ 35,000.00</u>
UNIT A SUB-TOTAL BID					<u><u>\$ 235,000.00</u></u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT B: CLEARING, GRUBBING, & DEMOLITION</u>					
1.	Light Clearing - Chip and Haul' (including but not limited to removal of trees, stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	22.81	\$ 5,500.00	\$ 125,455.00
2.	Heavy Clearing - Chip and Haul' (including but not limited to removal of trees, stumps, logs, vegetation, fences, rubbish, debris, organic matter and other objectionable material per specification; stripping, stockpiling replacing topsoil; and maintaining positive drainage for the entire site)	AC	71.23	\$ 8,500.00	\$ 605,455.00
3.	3" Force Main Removal and Disposal, Complete in place	LF	1,400.00	\$ 25.00	\$ 35,000.00
4.	30" Force Main Removal and Disposal, Complete in place	LF	1,500.00	\$ 25.00	\$ 37,500.00
5.	12" Waterline Removal and Disposal, Complete in place	LF	2,930.00	\$ 25.00	\$ 73,250.00
UNIT B SUB-TOTAL BID					<u>\$ 876,660.00</u>

FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
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ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT C: POLLUTION PREVENTION AND MISCELLANEOUS</u>					
1.	Reinforced Filter Fabric Fence	LF	15,000	\$ 1.65	\$ 24,750.00
2.	Inlet Protection, Stage One	EA	17	\$ 80.00	\$ 1,360.00
3.	Inlet Protection, Stage Two	EA	44	\$ 60.00	\$ 2,640.00
4.	Submit N.O.I.s & N.O.T.s, Review PPP, and posting of materials on job site.	LS	1	\$ 3,000.00	\$ 3,000.00
5.	Maintain and Repair RFFF	MO	12	\$ 3,000.00	\$ 36,000.00
6.	PPP Inspection and Reporting	MO	12	\$ 1,000.00	\$ 12,000.00
7.	Street Cleaning	HR	200	\$ 65.00	\$ 13,000.00
8.	Stabilized Construction Exit	EA	2	\$ 3,000.00	\$ 6,000.00
9.	Type II Filter Dam	EA	2	\$ 2,000.00	\$ 4,000.00
UNIT C SUB-TOTAL BID					<u>\$ 102,750.00</u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT D: EARTHWORK, PAVING & GRADING</u>					
1.	8" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	20,635	\$ 70.00	\$ 1,444,450.00
2.	7" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	33,844	\$ 65.00	\$ 2,199,860.00
3.	6" Reinforced Concrete Curb, Complete in place	LF	29,287	\$ 4.20	\$ 123,006.58
4.	8" Stabilized Subgrade, Complete in place	SY	55,544	\$ 3.60	\$ 199,958.40
5.	4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk), Complete in place	SY	6,655	\$ 40.00	\$ 266,200.00
6.	2" Bank Sand Bedding @95% SPD (Sidewalk), Complete in place	SY	6,655	\$ 2.00	\$ 13,310.00
7.	Detention Pond Excavation - Fill and Compaction Onsite, complete in place	CY	268,371	\$ 4.50	\$ 1,207,669.50
8.	Detention Pond Excavation - Fill Offsite, Complete in place	CY	442,014	\$ 17.00	\$ 7,514,238.00
9.	Utility Spoils - Fill Offsite, Complete in place	CY	11,450	\$ 17.00	\$ 194,650.00
10.	Traffic/Street Name Sign, Complete in Place	EA	42	\$ 3,000.00	\$ 126,000.00
11.	Striping, Complete in Place	LS	6,700	\$ 1.55	\$ 10,385.00
12.	Wheelchair Ramps	EA	84	\$ 5,500.00	\$ 462,000.00
13.	Traffic Control - Bay Area Blvd	LS	1	\$ 45,000.00	\$ 45,000.00
14.	Traffic Control - FM 528	LS	1	\$ 125,000.00	\$ 125,000.00
UNIT D SUB-TOTAL BID					<u>\$13,931,727.48</u>

FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT E: WATER DISTRIBUTION SYSTEM</u>					
1.	12" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	4,793	\$ 80.00	\$ 383,440.00
2.	10" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	197	\$ 55.00	\$ 10,835.00
3.	8" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	1,846	\$ 50.00	\$ 92,300.00
4.	1.5" C900 PVC CL 150 Water Line, All Depths, Complete in Place	LF	86	\$ 30.00	\$ 2,580.00
4.	12" Jack and Bore, Complete in Place	LF	54	\$ 175.00	\$ 9,450.00
5.	12" Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000.00
6.	12" Wet Connection, Complete in Place	EA	3	\$ 2,400.00	\$ 7,200.00
7.	10" Plug and Clamp, Complete in Place	EA	3	\$ 1,200.00	\$ 3,600.00
8.	8" Plug and Clamp, Complete in Place	EA	8	\$ 1,000.00	\$ 8,000.00
9.	1.5" Plug and Clamp, Complete in Place	EA	1	\$ 200.00	\$ 200.00
9.	1.5" Meter, Complete in Place	EA	1	\$ 5,000.00	\$ 5,000.00
10.	1.5"Double Check Backflow Preventor, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500.00
9.	Fire Hydrant incl. Valve and Tee, Complete in Place	EA	14	\$ 7,500.00	\$ 105,000.00
10.	12" Gate Valve & Box, Complete in Place	EA	15	\$ 3,700.00	\$ 55,500.00
11.	10" Gate Valve & Box, Complete in Place	EA	5	\$ 3,000.00	\$ 15,000.00
12.	8" Gate Valve & Box, Complete in Place	EA	15	\$ 2,100.00	\$ 31,500.00
13.	1.5" Gate Valve & Box, Complete in Place	EA	1	\$ 572.00	\$ 572.00
14.	OSHA Trench Safety System	LF	7,090	\$ 1.50	\$ 10,635.00
UNIT E SUB-TOTAL BID					<u>\$ 993,312.00</u>

FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT F: STORM DRAINAGE SYSTEM</u>					
1.	24" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	5,609	\$ 115.00	\$ 645,035.00
2.	30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	831	\$ 145.00	\$ 120,495.00
3.	36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,097	\$ 200.00	\$ 219,400.00
4.	42" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	369	\$ 285.00	\$ 105,165.00
5.	48" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	367	\$ 320.00	\$ 117,440.00
6.	48" CMP (All Cuts), Complete in Place	LF	276	\$ 320.00	\$ 88,320.00
7.	60" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	395	\$ 500.00	\$ 197,500.00
8.	72" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	690	\$ 730.00	\$ 503,700.00
9.	84" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	1,029	\$ 1,100.00	\$ 1,131,900.00
10.	6'x6' Reinforced Concrete Box, C1433 (All Cuts), Complete in Place	LF	772	\$ 1,250.00	\$ 965,000.00
11.	Trench Dewatering	LF	2,073	\$ 35.00	\$ 72,555.00
12.	Type "A" Inlet, Complete in Place	EA	14	\$ 5,500.00	\$ 77,000.00
13.	Type "B-B" Inlet, Complete in Place	EA	42	\$ 4,500.00	\$ 189,000.00
14.	Type "C" Manhole (42" and smaller), Complete in Place	EA	39	\$ 4,500.00	\$ 175,500.00
15.	Type "C" Manhole (42" and smaller) w/ Ty."A" Inlet, Complete in Place	EA	1	\$ 7,500.00	\$ 7,500.00
16.	Type "C" Manhole (48"-72"), Complete in Place	EA	12	\$ 9,000.00	\$ 108,000.00
17.	Type "C" Manhole (84" and Larger), Complete in Place	EA	7	\$ 15,000.00	\$ 105,000.00
18.	OSHA Trench Safety System	LF	11,435	\$ 1.50	\$ 17,152.50
UNIT F SUB-TOTAL BID					<u>\$ 4,845,662.50</u>

FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT G: DETENTION</u>					
1.	Backslope Interceptor 10'x10' w/ 24" GCMP (per HCFCD Standards), Complete in Place	EA	8	\$ 14,500.00	\$ 116,000.00
2.	Backslope Swale, Complete in Place	LF	4,000	\$ 5.50	\$ 22,000.00
3.	Stabilization Utilizing Flexterra High Performance Flexible Growth Medium (HP-fgm) w/ 1 Inch within the first 6 Weeks. All Seeds to Have 95% Germination or Higher	AC	15	\$ 3,500.00	\$ 50,750.00
4.	Stabilization Utilizing Standard Hydromulch w/ 1 Inch of Growth Within the first 6 Weeks. All Seeds to Have 95%	AC	8	\$ 3,000.00	\$ 24,000.00
5.	Dewatering	LS	1	\$ 500,000.00	\$ 500,000.00
6.	Reinforced Concrete Slope Paving (5" thick per HCFCD Standards), Complete in Place	SY	1,780	\$ 100.00	\$ 178,000.00
7.	Riprap - Gradation No. 1 (18" thick per HCFCD Standards), Complete in Place	SY	225	\$ 65.00	\$ 14,625.00
8.	Floatable Collection Screen Structure (Per HCFCD Standards), Complete in Place	LS	1	\$ 75,000.00	\$ 75,000.00
9.	Sheet Piling (20 Tall from Top of Bank to Bottom of Pond), Complete in Place	LF	1,400	\$ 3,000.00	\$ 4,200,000.00
10.	4' Retaining Wall Cast In Place, Complete in Place	LF	2,800	\$ 500.00	\$ 1,400,000.00
11.	8' Retaining Wall Cast In Place, Complete in Place	LF	300	\$ 1,000.00	\$ 300,000.00
UNIT G SUB-TOTAL BID					<u>\$ 6,880,375.00</u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT H: SANITARY SEWER SYSTEM</u>					
1.	12" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,369	\$ 85.00	\$ 116,365.00
2.	12" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	745	\$ 100.00	\$ 74,500.00
3.	12" SDR 26 PVC Sewer (16' - 20' depth), Complete in Place	LF	0	\$ 125.00	\$ -
4.	8" SDR 26 PVC Sewer (8' - 12' depth), Complete in Place	LF	1,189	\$ 50.00	\$ 59,450.00
5.	8" SDR 26 PVC Sewer (12' - 16' depth), Complete in Place	LF	640	\$ 65.00	\$ 41,600.00
6.	Precast Concrete Manhole, Complete in Place	EA	7	\$ 6,000.00	\$ 42,000.00
7.	Extra Depth for Standard MH 8' - 12' Depth	VF	47	\$ 275.00	\$ 12,925.00
8.	Extra Depth for Standard MH Over 12' Depth	VF	9	\$ 300.00	\$ 2,700.00
9.	8" Sanitary Sewer Plug, Complete in Place	EA	10	\$ 1,000.00	\$ 10,000.00
10.	Trench Dewatering	LF	1,354	\$ 35.00	\$ 47,390.00
11.	28" Force Main, Complete in Place	LF	1,658	\$ 170.00	\$ 281,860.00
12.	6" Force Main, Complete in Place	LF	926	\$ 45.00	\$ 41,670.00
13.	3" Force Main, Complete in Place	LF	1,359	\$ 35.00	\$ 47,565.00
14.	6" Force Main Directional Bore, Complete in Place	LF	200	\$ 1,250.00	\$ 250,000.00
15.	3" Force Main Directional Bore, Complete in Place	LF	200	\$ 750.00	\$ 150,000.00
16.	Air Release Valve for 30", Complete in Place	EA	0	\$ 4,500.00	\$ -
17.	Air Release Valve for 6", Complete in Place	EA	1	\$ 4,000.00	\$ 4,000.00
18.	Air Release Valve for 3", Complete in Place	EA	2	\$ 3,500.00	\$ 7,000.00
18.	30" Force Main Connection to Ex. 30" FM, Complete in Place	EA	2	\$ 10,500.00	\$ 21,000.00
19.	6" Force Main Tie Into Existing MH, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500.00
20.	3" Force Main Tie Into Existing MH, Complete in Place	EA	1	\$ 2,500.00	\$ 2,500.00
19.	OSHA Trench Safety System	LF	8,286	\$ 1.50	\$ 12,429.00
UNIT H SUB-TOTAL BID					<u>\$1,227,454.00</u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT I: SANITARY LIFT STATION</u>					
1.	Lift Station, Complete in Place	LS	1	\$1,250,000.00	\$1,250,000.00
2.	6" 4,000 PSI Reinforced Concrete Pavement, Complete in place	SY	370	\$60.00	\$22,200.00
3.	12' Wide 6' Chain Link Gate w/ 2' ft of barbed wire, Complete in place	EA	1	\$5,000.00	\$5,000.00
4.	6' Chain Link Fence w/ 2' ft of barbed wire, Complete in place	LF	214	\$250.00	\$53,500.00
UNIT I SUB-TOTAL BID					<u>\$1,330,700.00</u>

FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
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ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT J: MISCELLANEOUS - LANDSCAPING</u>					
1.	Bath House *	SF	650	\$435.00	\$282,750.00
2.	Site Utilities ROW *	EA	16	\$850.00	\$13,600.00
3.	Benches/ Admen *	EA	45	\$1,650.00	\$74,250.00
4.	Landscape ROW *	EA	1	\$2,450,000.00	\$2,450,000.00
5.	Pavers *	SF	35,600	\$15.00	\$534,000.00
6.	Fire Station *	LS	1	\$8,300,000.00	\$8,300,000.00
7.	Decomposed Granite *	CF	80,903	\$5.88	\$475,706.70
8.	Concrete Edge Band *	CF	32,361	\$8.52	\$289,451.17
9.	Limestone Benches *	LF	56	\$1,200.00	\$67,200.00
10.	Landscape *	EA	12,000	\$50.00	\$600,000.00
11.	Solar Lighting *	EA	65	\$3,450.00	\$224,250.00
12.	General Conditions *	EA	1	\$465,360.19	\$465,360.19
13.	Builder Risk Insurance *	EA	1	\$188,470.88	\$188,470.88
14.	Liability Insurance *	EA	1	\$125,647.25	\$125,647.25
15.	Sales Tax *	EA	1	\$518,294.91	\$518,294.91
16.	Profit *	EA	1	\$251,294.50	\$251,294.50
UNIT J SUB-TOTAL BID					<u>\$ 14,860,276</u>

* LANDSCAPING, PARK, AND AMMENITY ESTIMATES ON THIS ENGINEER'S OPINION OF PROBABLE COST WERE PROVIDED BY DIAMOND DEVELOPMENT GROUP.

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
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PROJECT NO. 70455-016
12/14/2023**

ITEM NO.	DESCRIPTION	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
<u>UNIT K: MISCELLANEOUS - CIVIL</u>					
1.	Blackhawk Intersection Improvements, Complete in place	LS	1	\$ 500,000.00	\$ 500,000.00
2.	Townes Road Intersection Improvements, Complete in place	LS	1	\$ 400,000.00	\$ 400,000.00
3.	Left Turn Lane Southbound at Townes Rd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000.00
4.	Left Turn Lane Southbound at Blackhawk Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000.00
5.	Left Turn Lane NorthEastbound at Bay Area Blvd, Complete in Place	LS	1	\$ 150,000.00	\$ 150,000.00
6.	Bridge Westbound (2 lanes) on Blackhawk from Station 27+42.67 to 25+70, Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000.00
7.	Bridge Eastbound (2 lanes) on Blackhawk from Station 25+72.33 to 27+37.33, Complete in place	LS	1	\$ 1,200,000.00	\$ 1,200,000.00
8.	Street Lights w/ foundation, Complete in Place	EA	30	\$ 20,000.00	\$600,000.00
9.	Underground Duct Bank	LF	4,300	\$ 400.00	\$1,720,000.00
10.	Private Road 6" 3,500 PSI Reinforced Concrete Pavement, Complete in place	SY	3,950	\$ 55.00	\$217,250.00
11.	Private Road 6" Reinforced Concrete Curb, Complete in place	LF	2,269	\$ 4.20	\$9,529.80
12.	Private Road 8" Stabilized Subgrade, Complete in place	SY	4,215	\$ 3.60	\$15,174.00
13.	Private Road 4.5" 3,000 PSI Reinforced Concrete Pavement (Sidewalk) , Complete in place	SY	244	\$ 40.00	\$9,760.00
14.	Private Road 12" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	321	\$ 80.00	\$25,680.00
15.	Private Road 15" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	416	\$ 100.00	\$41,600.00
16.	Private Road 30" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	222	\$ 145.00	\$32,190.00
17.	Private Road 36" ASTM C-76 CLIII RCP (All Cuts), Complete in Place	LF	85	\$ 200.00	\$17,000.00
18.	Private Road Type "C" Manhole (42" and smaller) w/ Ty. "A" Inlet, Complete in Place	EA	6	\$ 7,500.00	\$45,000.00
19.	Private Road Street Lights w/ foundation, Complete in Place	EA	5	\$ 20,000.00	\$100,000.00
UNIT K SUB-TOTAL BID					<u>\$ 6,583,184</u>

**FRIENDSWOOD CITY CENTER - PUBLIC INFRASTRUCTURE
WITHIN CITY OF FRIENDSWOOD
ENGINEER'S OPINION OF PROBABLE COST
PROJECT NO. 70455-016
12/14/2023**

ENGINEERING FEES SUMMARY

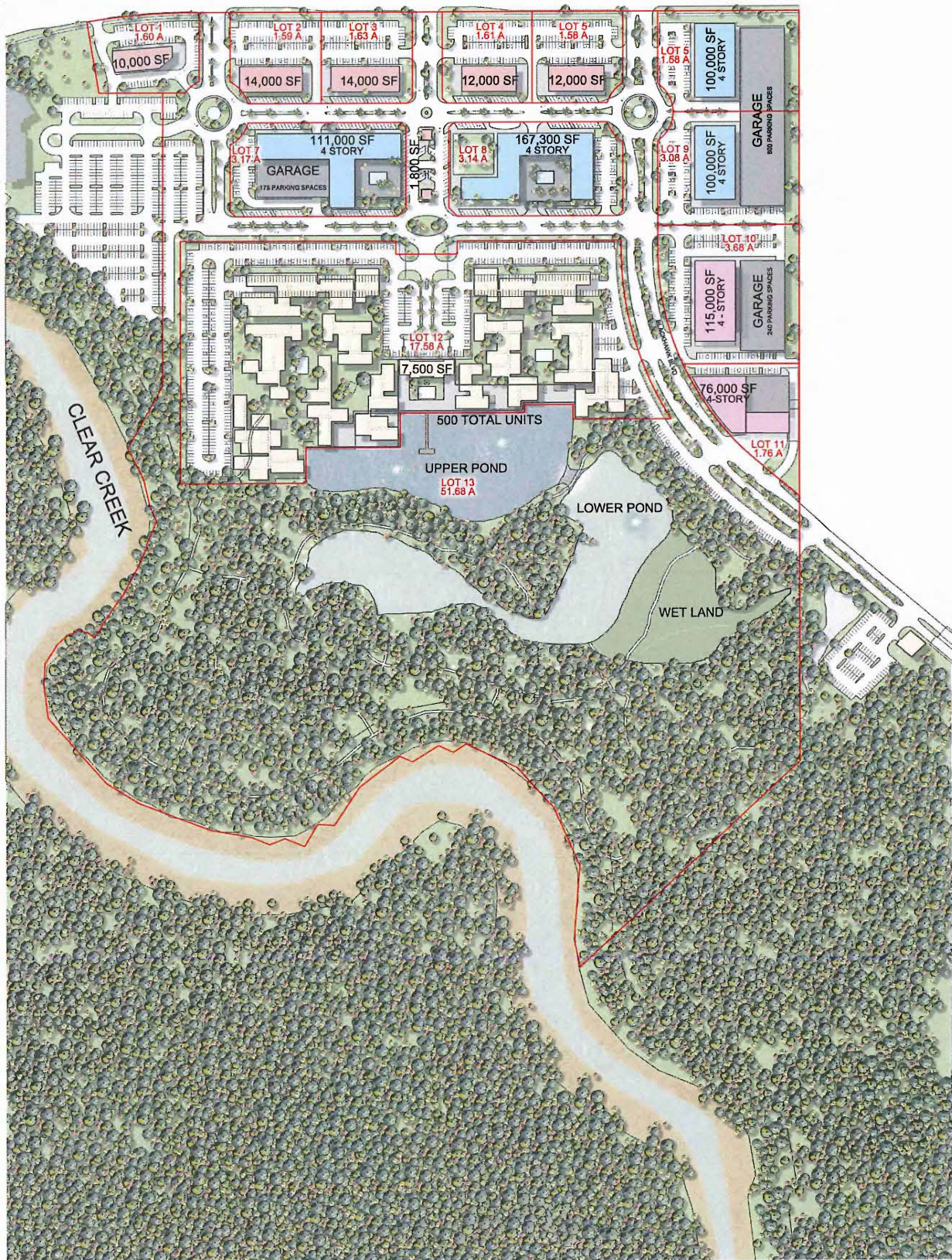
<u>BASIC SERVICES</u>	Amount
Engineering and Surveying through Change Order No. 3	<u>\$ 1,686,350.00</u>
Geotechnical Engineering	<u>\$ 73,441.00</u>
Surveying by Bondary 1	<u>\$ 14,354.20</u>
TOTAL ENGINEERING FEES	<u>\$ 1,774,145.20</u>

EXHIBIT D

CONCEPT PLAN

- RETAIL | 62,000 SF
- OFFICE | 191,000 SF
- MIXED USE | 478,300 SF
- GARAGE | 1,215 PARKING SPACES
- APARTMENTS | 500 UNITS

FM 528



528 FRIENDSWOOD
CITY CENTER
SITE PLAN



EXHIBIT E

LANDOWNER CONSENT

CONSENT AND AGREEMENT OF LANDOWNERS

This Consent and Agreement of Landowner is issued by _____, an _____, as the landowner (the "Landowner") who collectively hold record title to all property located within the [Friendswood City Center Public Improvement District] (the "PID") created by the City of Friendswood. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the City's ordinance levying assessments on property within the PID, dated _____, 20__, including the Service and Assessment Plan and Assessment Rolls attached thereto (the "Assessment Ordinance"). [TO BE EXECUTED PRIOR TO THE LEVY OF ASSESSMENTS FOR EACH SERIES OF BONDS WITH EACH PHASE]

Landowner hereby declares and confirms that the Landowner holds record title to all property in the PID which is subject to the Assessment Ordinances, as set forth on Exhibit A. Further, Landowner hereby ratifies, declares, consents to, affirms, agrees to and confirms each of the following:

1. The creation and boundaries of the PID, the boundaries of each Assessed Property, and the Authorized Improvements for which the Assessments are being made, as set forth in the Service and Assessment Plan.
2. The determinations and findings as to benefits by the City in the Assessment Ordinance and the Service and Assessment Plan.
3. The Assessment Ordinance and the Service and Assessment Plan and Assessment Roll.
4. The right, power and authority of the City Council to adopt the Assessment Ordinances and the Service and Assessment Plans and Assessment Roll;
5. Each Assessment levied on each Assessed Property as shown in the Service and Assessment Plan (including interest and Administrative Expenses as identified in the Service and Assessment Plan and as updated from time to time as set forth in the Service and Assessment Plan).
6. The Authorized Improvements specially benefit the Assessed Property in an amount in excess of the Assessment levied on each Assessed Property, as such Assessments are shown on the Assessment Roll.
7. Each Assessment is final, conclusive and binding upon such Landowners, regardless of whether such Landowners may be required to pay Assessments under certain circumstances pursuant to the Service and Assessment Plan.

8. The then-current owner of each Assessed Property shall pay the Assessment levied on the Assessed Property owned by it when due and in the amount required by and stated in the Service and Assessment Plan and the Assessment Ordinance.
9. Delinquent installments of the Assessment shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act.
10. The "Annual Installments" of the Assessments may be adjusted, decreased and extended in accordance with the Service and Assessment Plan, and the then-current owner of each Assessed Property shall be obligated to pay its revised amounts of the Annual Installments, when due, and without the necessity of further action, assessments or reassessments by the City.
11. All notices required to be provided to it under the PID Act have been received and to the extent of any defect in such notice, Landowners hereby waive any notice requirements and consents to all actions taken by the City with respect to the creation of the PID and the levy of the Assessments.
12. That the resolution creating the PID, the Ordinance levying the Assessments, the Service and Assessment Plan and a Notice of Creation of Special Assessment District and Imposition of Special Assessment to be provided by the City, shall be filed in the records of the County Clerk of Harris County, with copies of the recorded documents delivered to the City promptly after receipt thereof by the recording party, as a lien and encumbrance against the Assessed Property.
13. Each Assessed Property owned by the Landowner identified in the Service and Assessment Plan and Assessment Roll are wholly within the boundaries of the PID.
14. There are no Parcels owned by the Landowner within the boundaries of the PID that are not identified in the Service and Assessment Plan and the Assessment Roll.
15. Each Parcel owned by the Landowner identified in the Service and Assessment Plan and Assessment Roll against which no Assessment has been levied was Non-Benefited Property as of _____, 20__.

Originals and Counterparts. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

[Execution page follows]

IN WITNESS WHEREOF, the undersigned has caused this Agreement and Consent of Landowner to be executed as of _____, 20__.

_____, LLC,
an _____

By:

By:

By: _____
Name: _____
Its

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the _____ day of _____, 20__ by _____, as, an _____ limited liability company on behalf of said company.

Notary Public, State of Texas

EXHIBIT F

FORM OF PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. _____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of _____ (the "Indenture") relating to the "City of Friendswood, Texas, Special Assessment Revenue Bonds, Series 20__ (Friendswood City Center Public Improvement District Project)" (the "Bonds"). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the _____, LLC an _____ limited liability company (the "Developer") and requests payment to the Developer (or to the person designated by the Developer) from:

_____ the Public Improvement Account of the Project Fund

from _____, N.A., (the "Trustee"), in the amount of _____ (\$_____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Public Improvements providing a special benefit to property within the Friendswood City Center Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Public Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Public Improvements below is a true and accurate representation of the Public Improvements associated with the creation, acquisition, or construction of said Public Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Public Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Assessments it owes or an entity the Developer controls owes, located in the _____ Public Improvement District and has no outstanding delinquencies for such Assessments.

6. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

7. The work with respect to Public Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Public Improvements (or its completed segment).

8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Payee / Description of Public Improvement	Total Cost Public Improvement	Budgeted Cost of Public Improvement	Amount requested be paid from the Public Improvement Account

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Public Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

_____, LLC,
an _____ limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Reimbursement Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Public Improvements.

Amount of Payment Certificate Request	Amount to be Paid by Trustee from Improvement Account
\$ _____	\$ _____

CITY OF FRIENDSWOOD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT G

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for _____, LP, (the “Developer”) and requests payment from:

[the Cost of Issuance Account of the Project Fund][the Improvement Account of the Project Fund] from _____, (the “Trustee”) in the amount of _____ DOLLARS (\$_____) for costs incurred in the establishment, administration, and operation of the Friendswood City Center Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

_____, LLC,
an _____ limited liability company

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account
\$ _____	\$ _____

CITY OF FRIENDSWOOD, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT H

DISCLOSURE PROGRAM

The Developer perform the following with respect to disclosure to buyers of residential property in the PID and if lots are sold to third-party builders, shall require in its contracts with such builders within the PID that the builders provide notice to prospective purchasers in accordance with the following minimum requirements:

1. Attach the final Assessment Roll for such Assessed Parcel (or if the Assessment Roll is not available for such Assessed Parcel, then a schedule showing the maximum 30-year payment for such Assessed Parcel) in an addendum to each purchaser's contract on brightly colored paper.
2. Collect a copy of the addendum signed by each buyer and provide to the City.
3. Require signage indicating that the Property for sale is located in a special assessment district and require that such signage be located in conspicuous places within the Development.
4. Notify Settlement Companies that they are required to include special taxes on HUD 1 forms and include in total estimated taxes for the purpose of setting up tax escrows.

EXHIBIT I

DRAINAGE IMPROVEMENTS

EXHIBIT J
FORM OF DRAINAGE PAYMENT CERTIFICATE

PAYMENT CERTIFICATE NO. _____

Reference is made to that certain development agreement between _____ (the “Developer”) and the City, (the “Development Agreement”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Development Agreement. The Developer requests payment to the Developer (or to the person designated by the Developer) from the City for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Drainage Improvements within the Friendswood City Center Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Drainage Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Drainage Improvements below is a true and accurate representation of the Drainage Improvements associated with the creation, acquisition, or construction of said Drainage Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Public Improvements as set forth in the Development Agreement and/or the TIRZ Project and Financing Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement and the TIRZ Project and Financing Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Assessments it owes or an entity the Developer controls owes, located in the City Center Public Improvement District and has no outstanding delinquencies for such taxes or Assessments.
6. All conditions set forth in the Development Agreement and TIRZ Project and Financing Plan for the payment hereby requested have been satisfied.

7. The work with respect to Drainage Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Drainage Improvements (or its completed segment).
8. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Payee / Description of Drainage Improvement	Total Cost Drainage Improvement	Budgeted Cost of Drainage Improvement	Amount requested be paid

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are “bills paid” affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Drainage Improvements (or completed segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

Payments requested hereunder shall be made as directed below:

- e. X amount to Person or Account Y for Z goods or services.
- f. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

_____, LLC,
an _____ limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, or TIRZ Project and Financing Plan, or any other agreement between the parties or that there is a defect in the Drainage Improvements.

Amount of Payment Certificate Request	Amount to be Paid from Drainage Bond Proceeds	Amount to be paid from TIRZ Revenues
\$ _____	\$ _____	\$ _____

CITY OF FRIENDSWOOD, TEXAS

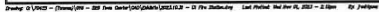
By: _____

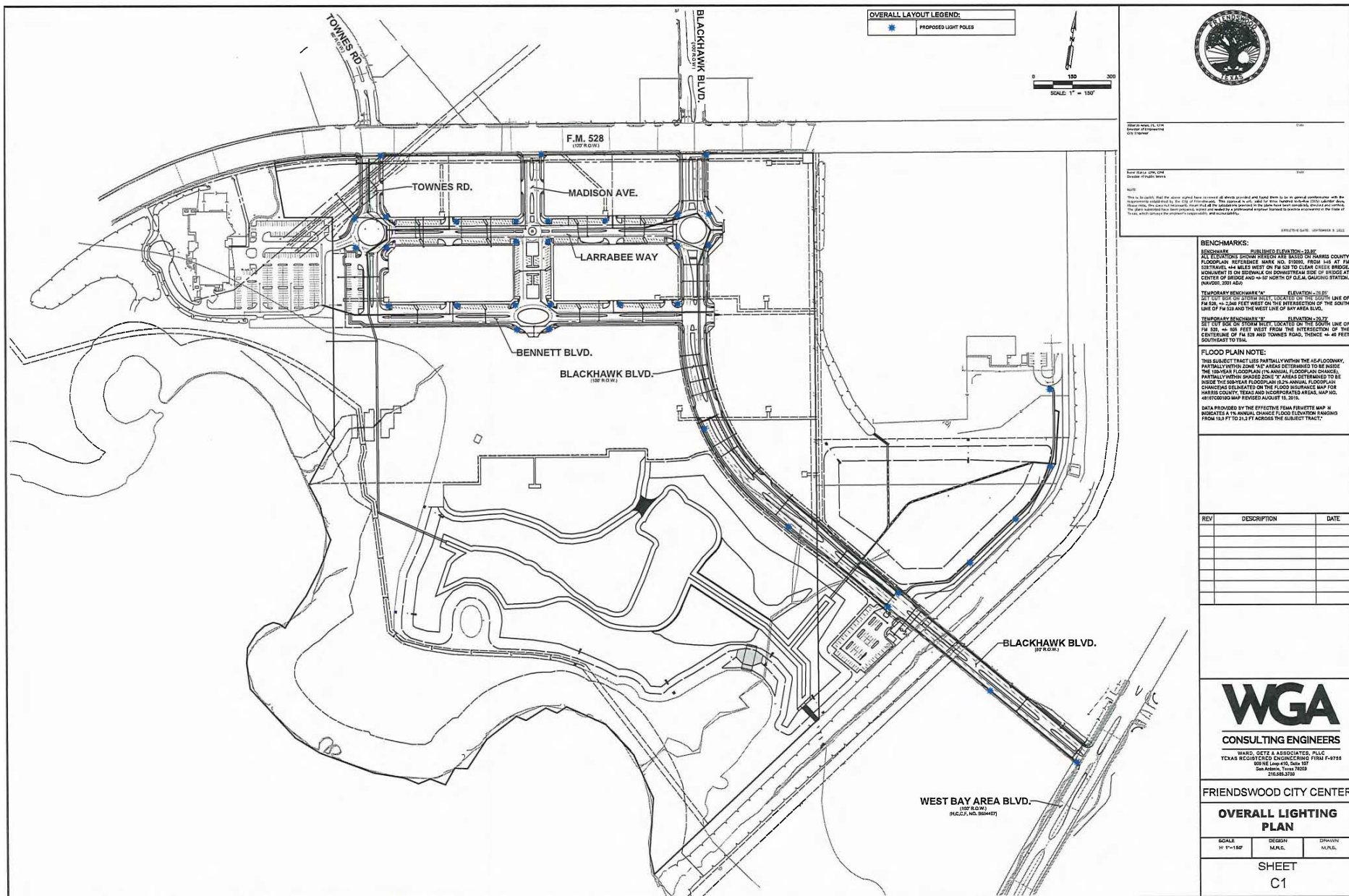
Name: _____

Title: _____

Date: _____

EXHIBIT K
CITY IMPROVEMENTS





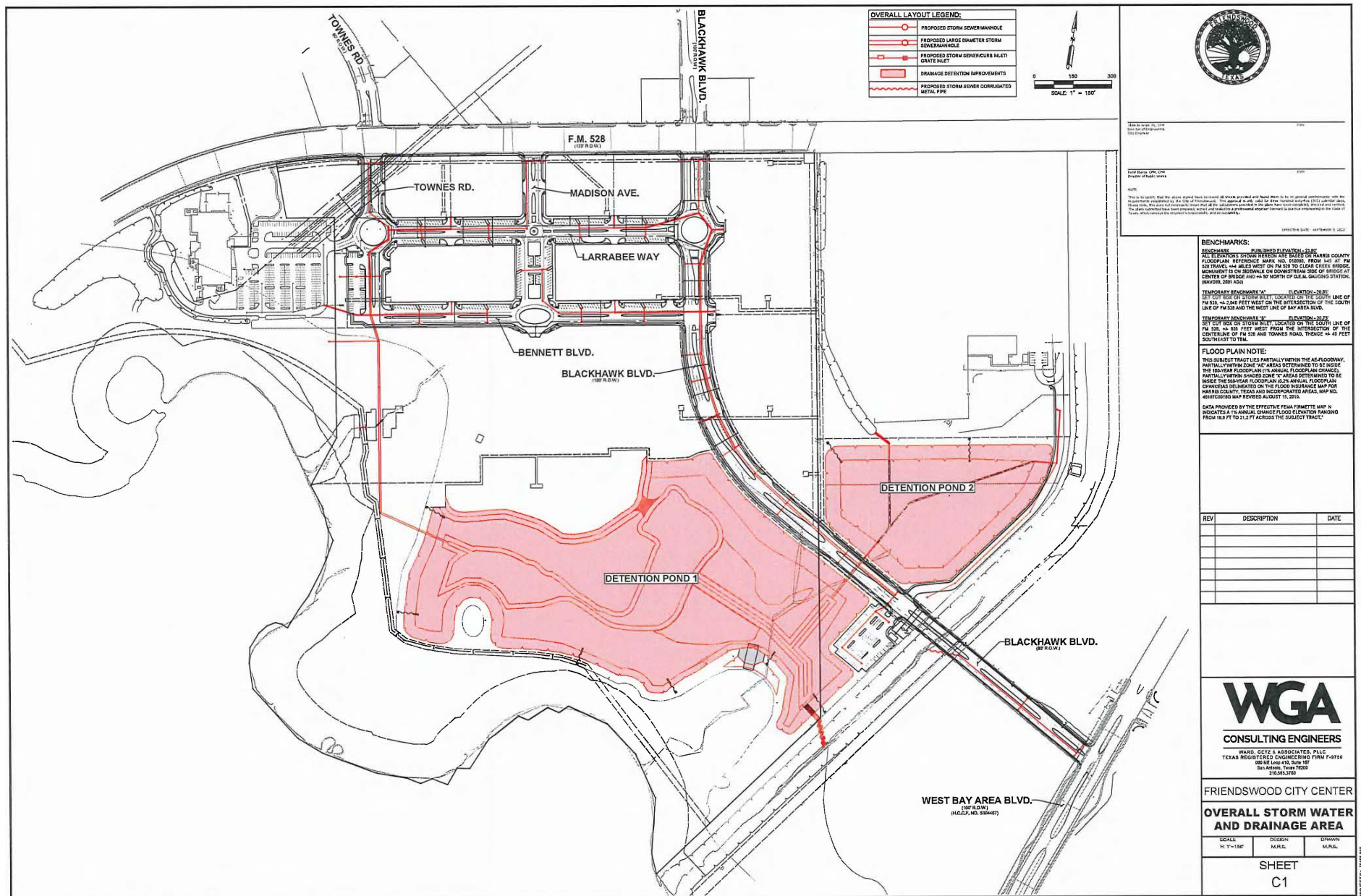
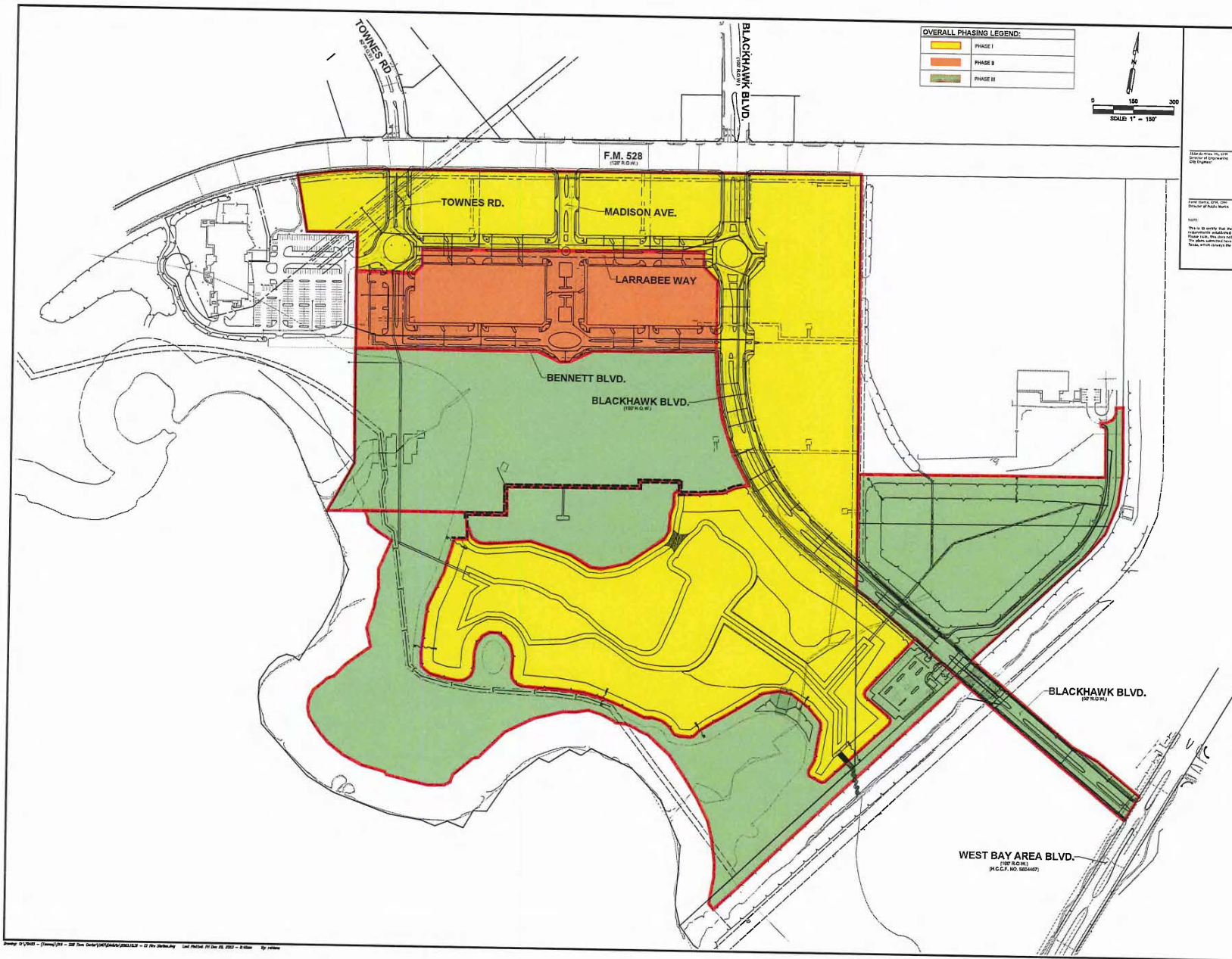


EXHIBIT L

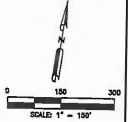
PHASING PLAN

DOCID: DOCPROPERTY DOCXDOCID DMS=IManage Format=<<LIB>>-#<<NUM>>.<<VER>>



OVERALL PHASING LEGEND:

PHASE I	PHASE II	PHASE III



Prepared by: **WGA CONSULTING ENGINEERS**
 Date: _____
 Checked by: _____
 Date: _____
 Approved by: _____
 Date: _____
 Title: _____
 Effective Date: September 8, 2022

BENCHMARKS:

BENCHMARK 1: PUBLISHED ELEVATION: 29.81
 ALL ELEVATIONS THROUGHOUT ARE BASED ON TARRANT COUNTY FLOODPLAIN REFERENCE MARK NO. 21006. FROM 145.47 PM 101 TRAVEL -44.40 FEET WEST ON PM 101 TO CLEAR CREEK BRIDGE. ELEVATION OF 16.00 IS ON SIGNAL ON DOWNSTREAM SIDE OF BRIDGE AT CENTER OF BRIDGE AND 45.50 NORTH OF CLEAR GAUGING STATION. (NAVD83, 1987 AD)

TEMPORARY BENCHMARK "A": ELEVATION: 29.86
 SET OUT SIDE OF TOWNE ROAD, LOCATED ON THE SOUTH LINE OF PM 101 240 FEET WEST ON THE INTERSECTION OF THE SOUTH LINE OF PM 101 AND THE WEST LINE OF WEST BAY AREA BLVD.

TEMPORARY BENCHMARK "B": ELEVATION: 29.72
 SET OUT SIDE OF TOWNE BLVD, LOCATED ON THE SOUTH LINE OF PM 101 45.80 FEET WEST FROM THE INTERSECTION OF THE CENTERLINE OF PM 101 AND TOWNE ROAD, THENCE 45.40 FEET SOUTHEAST TO TBM.

FLOOD PLAIN NOTE:

THIS SUBJECT TRACT LIES PARTIALLY WITHIN THE A-1 FLOODPLAIN, PARTIALLY WITHIN ZONE "A" AREAS DETERMINED TO BE INSIDE THE 100-YEAR FLOODPLAIN (1% ANNUAL FLOODPLAIN CHANCE), PARTIALLY WITHIN ZONE "B" AREAS DETERMINED TO BE INSIDE THE 100-YEAR FLOODPLAIN (1% ANNUAL FLOODPLAIN CHANCE) DELINEATED ON THE FLOOD INSURANCE MAP FOR HARRIS COUNTY, TEXAS AND ADJACENT AREAS, MAP NO. 481870000 MAP REVISED AUGUST 15, 2019.

DATA PROVIDED BY THE EFFECTIVE FEMA FISHEMETE MAP 1 INDICATES A 1% ANNUAL CHANCE FLOOD ELEVATION RANGING FROM 19.8 FT TO 28.8 FT ACROSS THE SUBJECT TRACT.

DATA PROVIDED BY THE EFFECTIVE FEMA FISHEMETE MAP 1 INDICATES A 0.5% ANNUAL CHANCE FLOOD ELEVATION RANGING FROM 22.3 FT TO 28.8 FT ACROSS THE SUBJECT TRACT.

REV	DESCRIPTION	DATE

WGA
CONSULTING ENGINEERS
 WGA & ASSOCIATES, P.L.L.C.
 TEXAS REGISTERED ENGINEERING FIRM #7764
 505 HEDGECOCK, SUITE 100
 SAN ANTONIO, TEXAS 78209
 210.383.2790

FRIENDSWOOD CITY CENTER
OVERALL PHASING PLAN
 SCALE: H 1"=100' DESIGN: M.J.R. DRAWN: M.J.R.
SHEET C1

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APPENDIX G

PHOTOGRAPHS OF DEVELOPMENT IN THE DISTRICT

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FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/15/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Present an update regarding the City receiving our 36th GFOA Award for Excellence in Financial Reporting for our fiscal year 2023 Annual Comprehensive Financial Report.

Originating Department: City Manager

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The City has earned its 36th Consecutive Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year 2023 awarded by the Government Finance Officers Association of America and Canada. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

This is the 36th consecutive year the Finance Department has been recognized with this outstanding achievement. We would like to recognize the efforts of Rhonda Blosjas, Finance Director, Jennifer Walker, Deputy Finance Director, the accounting division staff, and the entire Finance Department. Their cumulative efforts enabled us to achieve this achievement.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/22/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Recognize the City's Finance Department for receiving the Government Treasurers' Organization of Texas Investment Policy Certification of Distinction for the fifth time in a row.

Originating Department: City Manager

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The City has earned its 5th Investment Policy Certification of Distinction Award from the Government Treasurers' Organization of Texas (GTOT)!

The purpose of this program is to provide assistance in developing investment policies suitable for public funds that fully comply with the Texas Public Funds Investment Act (PFIA). GTOT's Investment Policy Committee provides professional guidance in developing an investment policy and recognizes outstanding examples of written policies. A Certificate of Distinction is awarded for those policies that meet established criteria. The Certificate is awarded for two years and then may be renewed upon review.

Special thanks are extended to Rhonda Boskas (Investment Officer), Jennifer Walker (Deputy Investment Officer), and the City's Investment Committee members Robert Bozka, Allan Rasmussen, and Cynthia Bowman for the annual review of the City's Investment Policy and to the City Council for its annual review and approval of the Investment Policy.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/11/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Receive an update regarding the City of Friendswood earning a 2024 Top Workplace Winner from the Houston Chronicle.

Originating Department: City Manager

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The City of Friendswood has, for the second year in a row, been ranked as one of Houston's Top Workplaces! Over 148,000 employees from 5,816 companies/organizations participated in the nomination process, but only 188 companies/organizations made the top, including the City of Friendswood. The top 188 are determined solely on responses from the employee survey. There are no judges, essays, or other forms to skew the results.

With the greater Houston area and Galveston County growing at some of the fastest rates in the nation, there is a lot of competition for quality employees. To be recognized as one of the Top Workplaces in back to back years shows how desirable working in the City is, and the quality of the organization and its team. This fact is further strengthened by the long tenures among employees, with the average tenure of a City employee being over 9 years.

The official publication was posted by the Houston Chronicle on Sunday, November 10 to their 2 million readers!

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/13/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Receive an update regarding the City's upcoming holiday events.

Originating Department: City Manager

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The Parks Department will be hosting the following events:

- Veterans Day for the Senior Program, November 7th, 11:00 a.m. to 1:00 p.m.
- Blue Santa Softball Tournament and Toy Drive, November 23rd,
- The Holiday Lighted Trail will be turned on Thanksgiving night,
- Senior Center Thanksgiving Potluck, November 20th, 11:00 a.m. to 1:00 p.m.,
- Flap Jack Fun Run, December 7th,
- Santa in the Park, December 14th. 3:00 p.m. to 8:00 p.m., and
- Breakfast with Santa at the Senior Center, December 10th, 9:30 a.m. to 11:00 a.m.

Friendswood Public Library Events

- Astronomy Night at the Library, Saturday, November 9th, 7:00 pm to 9:30 pm
- December 2nd - 13th, Christmas Card Drive - bring in or make a card at the Library to send to our friends at Hope Village.
- December 9th, 6:00-7:00 p.m. Santa at the Library Visit with Santa at the Library! Listen to a story and complete a craft while you wait to take a picture and talk with the man in red!
- December 13th- 14th, 4:30 p.m. to 5:30 p.m., Stuffed Animal Sleepover Drop off your bravest stuffed animal so they can have a sleepover at the Library! Pick them up the next morning and discover what adventures they had overnight!
- December 19th, 7:00 p.m., Wonderland Quartet - come listen to professional symphony level performers!
- December 20th, 4:30 p.m. to 5:30 p.m., Carols with Courtney – Fun & Festive caroling with Courtney Lee.
- January 3rd - 5th, Zaki Con The Library's annual Anime and Pop Culture Convention returns in January! Join us for movies, crafts, an artist alley full of talented local artists, gaming tournaments, and cosplay contest! Free and for all ages!

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

1. Astronomy Night Flyer

Astronomy Night

Join us for a night under the stars!
Saturday, November 9 | 7:00 - 9:30 PM

Explore the moon, visible planets, and star patterns, and discover the fascinating stories behind them.

Enjoy hands-on viewing with our telescopes.

Engage with local astronomy experts



Friendswood Library

416 S Friendswood Dr, Friendswood, TX 77546

281-482-7135 / www.friendswood.lib.tx.us

FRIENDS 
THE FRIENDSWOOD PUBLIC LIBRARY
ENGAGE • EDUCATE • ENTERTAIN • EMPOWER
Page 2615 of 2847

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/24/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Present an update regarding the City's Fall Haul event.

Originating Department: City Manager

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This year's Fall Haul event will take place on Saturday, November 9th, from 8 am to 2 pm. Similar to prior years, the event will take place at Centennial Park, 2200 S. Friendswood Drive and is open to Friendswood residents only. Please have your ID available for proof of residency.

Shredding services will be provided from 8 am to 12 pm, or until the truck is full. There is a 200 pound limit of paper per vehicle, and e-waste services will be available.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

In conjunction with America Recycles Day, the City and Keep Friendswood Beautiful are holding the Annual Fall Haul, community clean-up and garage sale event on Saturday, November 9th, at Centennial Park, 2200 S. Friendswood Dr., from 8 a.m. - 2 p.m. This is not an area-wide event, but is presented for the benefit of the citizens of Friendswood. Residents will have to show proof of residency to participate. Only non-hazardous items will be accepted. Examples of non-hazardous items that will be accepted include tree limbs, grass clippings, old appliances, old furniture, wood, metal, and plastic items, large and small.

Free paper shredding is will be available from 8 a.m. to 12 p.m. or until the truck is full. There is a 200 lb. limit of paper per vehicle. Please, no three-ring binders, cardboard, floppy disks, hanging file folders, newspaper, microfiche, or video tapes. Paper shredding will be available on site.

Hazardous Waste will not be accepted. Examples of hazardous waste include tires, paint, batteries, oil, or any other household hazardous waste.

Residents can donate garage sale items to Keep Friendswood Beautiful. KFB will be accepting furniture, household items, bikes, etc. in good condition (clothing will not be accepted). Garage sale items can be dropped off the morning of the event at Centennial Park. All proceeds from the garage sale will benefit the beautification of city facilities and parks.

For more information please call the Friendswood Parks & Recreation Department at 281-996-3220.

RECOMMENDATIONS

ATTACHMENTS

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/18/2024

Prepared by: Karen Horner, City Attorney

Subject: Receive an update concerning City of Friendswood's Resolutions approved by the Membership of the Texas Municipal League.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The Texas Municipal League's Municipal Policy Summit consists of over 100 municipal officials from cities across the state, who were charged with setting TML's Legislative Program. The City of Friendswood submitted the following six resolutions for consideration:

1. Generators
Requiring nursing homes and assisted living facilities to have generators
2. Street Maintenance Sales and Use Tax Elections
Correcting the ballot language for street maintenance sales tax elections
3. Speed Limits in Residential Districts
Allowing the lowering of speed limits on residential streets without the need for a traffic study
4. Advisory committee's personal information
Protecting personal information of members of advisory boards, commissions and committees:
5. Notice for Zoning Map Amendments
Clarifying notice requirements for zoning classification changes
6. Relocation Assistance
Eliminating the mandate to provide relocation assistance pertaining to substandard structures

On October 10, 2024, the TML membership agreed to include such resolutions as part of TML's Legislative Program.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

**FRIENDSWOOD CITY COUNCIL
AGENDA ITEM FORM**

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/21/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Present an overview of the Planning and Zoning Ad Hoc Subcommittee's report regarding parking standards.

Originating Department: City Secretary

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The City Manager will give the Council an overview of the Planning and Zoning Commission's recommendations regarding parking standards. The final report is attached for your review.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

- 1. PZ Final Report re Ad Hoc Parking Subcommittee Rec October 2024



Planning & Zoning Commission Final Report

To: Mayor and City Council
From: Planning & Zoning Commission
Date: October 2024
Re: Recommendations regarding Parking Standards

The Planning and Zoning Commission reviewed the actions and research of the Ad Hoc Parking Subcommittee that was formed by City Council and discussed their final recommendation.

Recommendation

It is the opinion of the Commission that the current parking regulations in conjunction with the exceptions, deviations, and options for alternate parking considerations (detailed below) are sufficient and no changes are necessary at this time. The Commission recommends that emphasis be placed on public parking opportunities in the Downtown District that might allow for parking reductions in the future such as shared and overflow public parking lots and/or parking garages at city facilities.

The Commission agreed with the Parking Subcommittee for staff to increase transparency of existing alternative parking solutions such as shared parking agreements and the opportunity to present parking analyses for consideration by the City Engineer. This information will continue to be conveyed to developers and property owners during DRC meetings.

Current Parking Regulations

Minimum Number of Spaces: The Parking Group Table details the parking ratios based on use and is in the Design Criteria Manual, Appendix C. The number of parking spaces is based on use and were derived utilizing national parking standards. Parking regulations have intentionally been included in the DCM because it is adopted by resolution and does not require a variance from the Zoning Board of Adjustment for alternate considerations. Staff may approve a 5% deviation from the recommended parking requirements unless an alternative plan is approved by the Planning and Zoning Commission.

Design Modification Form: Developers may also submit a Design Modification Form for the City Engineer to consider alternate parking plans with justification by an engineer. Historically, the City of

Houston's shared parking calculator has been accepted and proven to provide sufficient parking for mixed use developments.

Shared Parking in DD: The regulations for the Downtown District (DD) in the Zoning Ordinance encourage and require shared parking areas and allow on-street, head-in parking.

*Zoning Ordinance
Section 8.N.*

3. Parking. To promote pedestrian friendly environments, shared parking and shared parking access is encouraged. Parking spaces and parking lot geometrics shall comply with the requirements of the current Design Criteria Manual.

- a. Off-site parking shall be allowed if within one block of the development. For purposes of this subsection, one block shall constitute no less than 300 linear feet and no more than 1,200 linear feet.*
- b. Shared parking areas shall be allowed.*
- c. Shared access agreements shall be required between adjacent developments.*
- d. On-street, head-in parking may be allowed in the Downtown District (DD) with the approval of the Planning and Zoning Commission, upon recommendation of the city engineer, in areas at least 75 feet from FM 518 and/or FM 2351. No on-street parking shall be allowed on FM 518 or on FM 2351 within the DD.*
- e. Development plans shall indicate how freight and goods will be delivered.*
- f. Development plans shall show the design and layout for all parking. Documentation shall be provided to verify authority for all shared or off-site parking.*
- g. All such required documentation shall be presented before a development plan is approved.*

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/22/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider an ordinance amending the City's General Budget for Fiscal Year 2024-2025 by approving "Budget Amendment II" and providing for supplemental appropriation and/or transfer of certain funds.

Originating Department: Finance

Degree of importance: Significant

SUMMARY / ORIGINATING CAUSE

By its nature, our budget is an estimate of the revenues and expenditures needed to accomplish the City Council and Staff goals for the year.

Throughout the year, events occur that require adjustments to the budget. These adjustments may be needed for various reasons, such as the recognition of extraordinary revenues or expenditures, new projects that are authorized by the Council or providing funding for expenditures resulting from extraordinary events like natural disasters. As the need arises, items for budget appropriations are accumulated and then submitted for approval at the City Council meeting each month. The budget adjustments covered by this ordinance comprise the second set for fiscal year 2024-2025.

We have attempted to provide as much explanation of the adjustments as possible through two sets of exhibits. Exhibit A provides a narrative explanation of each budget amendment. Exhibit B provides the details of each accounting transaction.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Ordinance - Budget Amendment No. II
2. FY25 BA II Exhibit A 2024-11-04v2
3. FY25 BA II Exhibit B 2024-11-04

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, AMENDING ORDINANCE NO. 2024-25, PASSED AND APPROVED AUGUST 26, 2024, THE SAME BEING AN ORDINANCE APPROVING AND ADOPTING THE CITY'S GENERAL BUDGET FOR FISCAL YEAR 2024-25, BY APPROVING "BUDGET AMENDMENT II" THERETO; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; PROVIDING FOR OTHER MATTERS RELATED TO THE SUBJECT; AND PROVIDING FOR THE EFFECTIVE DATE.

WHEREAS, by Ordinance No. 2024-25, the City Council of the City of Friendswood, Texas, adopted its "Original General Budget for Fiscal Year 2024-25"; and

WHEREAS, the City Council has determined that revenues and/or reserves are available for supplemental appropriation, and/or that the transfer of certain funds interdepartmentally is economically feasible and in the best interest of prudent budgeting and for municipal purposes; and

WHEREAS, Section 8.04 of the City Charter provides for amendments after adoption of the budget; and

WHEREAS, the City Council desires to amend said Original General Budget to reflect such supplemental appropriation and/or transfer in the fiscal year 2024-25; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. The facts and matters set forth in the preamble of this ordinance are hereby found to be true and correct.

Section 2. The "Original General Budget of the City of Friendswood, Texas, for the Fiscal Year 2024-25" is hereby amended for municipal purposes as shown on "Budget Amendment II" to the "Original Budget of the City of Friendswood, Texas, for the Fiscal Year 2024-25" attached hereto. Said Budget Amendment II shall be attached to and made a part of such Original General Budget by the City Secretary and shall be filed as required by state law. A true and correct copy of said amendment is attached hereto as Exhibits "A" and "B" and is incorporated herein for all intents and purposes.

Section 3. In the event any clause, phrase, provision, sentence, or part of this ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the

omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 4. This ordinance shall take effect immediately from and after its passage by the City Council of the City of Friendswood, Texas.

INTRODUCED, READ AND PASSED on first and final reading by the affirmative vote of the City Council of the City of Friendswood on this the 4th day of November, 2024.

MIKE FOREMAN, Mayor

ATTEST:

LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney

**City of Friendswood
Budget Amendment Summary
Fiscal Year FY2024-2025
Budget Amendment II
November 4, 2024**

1. **Police Department – RAD Program, \$600.** Appropriate funds donated to the Police Department Rape Aggression Defense (R.A.D.) Program. Donations were received from the citizens participating in the R.A.D. classes. Funds will be appropriated to the Police Department Patrol division's operating supplies account for R.A.D. program expenses.
2. **Parks & Recreation – Creek Community Swim Association, \$2,502.** Appropriate donation received from the Creek Community Swim Association (FAST Swim Team). The donation proceeds will go towards the purchase of two picnic tables at the pool. Funds will be appropriated to the Stevenson Park Pool division's operating equipment account.
3. **2017 CDBG-DR (Harris County) Grant Reimbursement, \$166,799.** Reimburse unassigned general fund balance for grant funds received from the 2017 CDBG-DR (Harris County) Grant Program for construction costs related to the Forest Bend Detention Pond project. The City received a reimbursement of \$166,799 for retainage related construction services. Advanced funding was previously approved by Council. Therefore, funds will be appropriated back to unassigned general fund balance.
4. **Friendswood Downtown Economic Development Corp – Electrical Box Artwork, \$36,000.** Appropriate funds for Artist Services Agreement to paint artwork on electrical boxes. Twelve electrical boxes have been identified by the Friendswood Downtown Economic Development Corporation within the City and designated for artwork. The funding source will be unassigned FDEDC fund balance.
5. **Library – Texas State Library & Archives Commission, \$3,488.** Appropriate federal reimbursement funds from Texas State Library & Archives Commission received in FY2024. The Friendswood Public Library will use these funds for technology improvements. The funding source will be unassigned general fund balance.
6. **City of Houston Southeast Transmission Water Line Project, \$4,224,609.** Appropriate funds for the cost-sharing agreement with the City of Houston and co-participants for the 42-inch Water Main Replacement Project Cash Call #6. The FY2025 budget includes \$1,524,609 in the water and sewer fund. Therefore, the remaining amount of \$2,700,000 will be appropriated from the 2021 Water and Sewer Bond proceeds.

City of Friendswood				
November 4, 2024				
2024-2025 Budget Amendment II - Exhibit B				
BA Number	Account Number	Project Number		Amount
1	001-0000-38600	PDRADREV	Appropriation donations received for PDRAD to be used for RAD program expenses	(600)
1	001-2120-421.5410	PDRADEXP	Appropriation donations received for PDRAD to be used for RAD program expenses	600
2	001-0000-38600		Appropriate donation received from Creek Community Swim Assoc for pool area picnic tables	(2,502)
2	001-6428-452.5800		Appropriate donation received from Creek Community Swim Assoc for pool area picnic tables	2,502
3	123-10199		Reimburse unassigned general fund balance for adv funding related to 2017 CDBG-DR (Harris County) grant for Forest Bend Dention Pond Retainage Pay App	(166,799)
3	123-26010	FBDETPOND	Reimburse unassigned general fund balance for adv funding related to 2017 CDBG-DR (Harris County) grant for Forest Bend Dention Pond Retainage Pay App	166,799
3	001-14028	FBDETPOND	Reimburse unassigned general fund balance for adv funding related to 2017 CDBG-DR (Harris County) grant for Forest Bend Dention Pond Retainage Pay App	(166,799)
3	001-10199		Reimburse unassigned general fund balance for adv funding related to 2017 CDBG-DR (Harris County) grant for Forest Bend Dention Pond Retainage Pay App	166,799
4	175-0000-30100		Appropriate unassigned fund balance for Artist Services Agreement for artwork on electrical boxes located in Friendswood	(36,000)
4	175-7001-419.7800		Appropriate unassigned fund balance for Artist Services Agreement for artwork on electrical boxes located in Friendswood	36,000
5	001-0000-30500		Appropriate Texas State Library & Archives Commission funds for technology improvements at the Library	(3,488)
5	001-6301-459.5800		Appropriate Texas State Library & Archives Commission funds for technology improvements at the Library	3,488
6	422-0000-30600		Appropriate unassigned fund balance for City of Houston cost share project 42" South East Transmission Line	(2,700,000)
6	422-7001-434.8541	42SEWTRLN	Appropriate unassigned fund balance for City of Houston cost share project 42" South East Transmission Line	2,700,000
6	401-3655-434.9343		Transfer budgeted funds from the COH-SeWPP Capital Improvements account to the CIP Division for 42" South East Transmission Line Cash Call #6	(1,524,609)
6	401-7001-434.8541	42SEWTRLN	Transfer budgeted funds from the COH-SeWPP Capital Improvements account to the CIP Division for 42" South East Transmission Line Cash Call #6	1,524,609

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 07/02/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider on first reading an ordinance amending Appendix D "Schedule of Fees, Rates, Charges, Deposits, Bond and Insurance Amounts" of the Friendswood City Code to update certain fees.

Originating Department: Finance

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This proposed ordinance amends Appendix D "Schedule of Fees, Rates, Chares, Deposits, Bond and Insurance" of the Friendswood City Code:

- (a) to add fees for obtaining body-worn camera recordings consistent with Section 70.13 of Title 1 of the Texas Administrative Code;
- (b) to amend the Fee Schedule to update certain fees within the following categories:
 - (1) parks and recreation facility fees and deposits,
 - (2) automated water meter fees, and
 - (3) water utility rates consistent with the 2024 utility rate study presented to the City Council on June 3, 2024; and
- (c) to remove the manual water meter fees.

A document showing the changes to the fees is attached to this item.

If this proposed ordinance is approved on first reading, the City Council will consider it again on second reading at its regularly scheduled meeting to be held on December 2, 2024.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Ordinance - Appendix D - Fees
2. Appendix D - Changes Redlined
3. Fee Ordinance PP final
4. 2024 1023 Friendswood W WW Rate Study Report FINAL v3

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, AMENDING THE FEE SCHEDULE CONTAINED IN APPENDIX D "SCHEDULE OF FEES, RATES, CHARGES, DEPOSITS, BOND AND INSURANCE AMOUNTS" OF THE FRIENDSWOOD CITY CODE (I) TO ADD FEES FOR OBTAINING BODY-WORN CAMERA RECORDINGS CONSISTENT WITH STATE LAW; (II) TO UPDATE CERTAIN PARKS AND RECREATION FACILITY FEES AND DEPOSITS, AUTOMATED WATER METER FEES, AND WATER UTILITY RATES CONSISTENT WITH THE 2024 UTILITY RATE STUDY; AND (III) TO REMOVE MANUAL WATER METER FEES; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HERewith; PROVIDING FOR SEVERABILITY, PUBLICATION AND THE EFFECTIVE DATE.

WHEREAS, in order to recover a portion of the cost of providing the services specified herein and in keeping pace with standards adopted by neighboring municipalities, the City Council deems it necessary to revise the fee schedule contained in Appendix D "Schedule of Fees, Rates, Charges, Deposits, Bond and Insurance Amounts" of the Friendswood City Code (the "Fee Schedule") consistent with this ordinance; and

WHEREAS, the City Council desires to amend the Fee Schedule

- (a) to add fees for obtaining body-worn camera recordings consistent with Section 70.13 of Title 1 of the Texas Administrative Code;
- (b) to amend the Fee Schedule to update certain fees within the following categories:
 - (1) parks and recreation facility fees and deposits,
 - (2) automated water meter fees, and
 - (3) water utility rates consistent with the 2024 utility rate study presented to the City Council on June 3, 2024; and
- (c) to remove the manual water meter fees; and

WHEREAS, the City Council finds that the fees referenced herein are reasonable, bear a substantial relationship to the costs of providing such goods and services, and meet all constitutional and statutory requirements applicable to the same; NOW THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. That the facts and matters set forth in the preamble of this ordinance are hereby found to be true and correct.

Section 2. That the schedule of fees contained in Appendix D "Schedule of Fees, Rates, Charges, Deposits, Bond and Insurance Amounts" of the Friendswood City Code is hereby amended to update "Parks and Recreation Facilities – Chapter 58" fees, which fees are amended to read as follows:

Appendix D

SCHEDULE OF FEES, RATES, CHARGES, DEPOSITS, BOND AND INSURANCE AMOUNTS

The schedule of fees for the city is printed herein and such fees are required in the section of the Code of Ordinances referenced. These fees should be checked against ordinances and resolutions on file in city hall; any conflict should be resolved in favor of the most recent applicable ordinance or resolution pertaining to a specific fee or charge.

Description			Amount	Code Section
Parks and Recreation Facilities—Chapter 58				
(1)	Leavesley Park Jones Hangar:			
	a.	Deposit (100 percent refundable)	\$500.00	
	b.	Janitorial fee	\$250.00	
	c.	Nonprofit group rental fee (per hour)	\$35.00	
	d.	Resident rental fee (per hour)	\$60.00	
	e.	Nonresident rental fee (per hour)	\$80.00	
(2)	Stevenson Park Gazebo:			
	a.	Cleanup and security deposit (refundable)	\$200.00	
	b.	Resident rental fee	\$50.00	
	c.	Nonresident rental fee	\$100.00	
	d.	Nonprofit group rental fee	\$25.00	
(3)	Stevenson Park Large or Small Pavilion:			
	a.	Cleanup and security deposit (refundable)	\$200.00	
	b.	Resident rental fee	\$75.00	
	c.	Nonresident rental fee	\$175.00	
	d.	Nonprofit group rental fee	\$25.00	
(4)	Stevenson Park Green Space:			
	a.	Deposit (refundable)	\$100.00	
	b.	Rental fee	\$25.00	
(5)	Stevenson Park Basketball Court (1/2 Court):			
	a.	Deposit (refundable)	\$100.00	
	b.	Resident rental fee (per hour)	\$25.00	
	c.	Nonresident rental fee (per hour)	\$30.00	
	d.	Nonprofit group rental fee (per hour)	\$15.00	
(6)	Stevenson Park Sand Volleyball Court or Tennis Courts:			
	a.	Deposit (refundable)	\$100.00	
	b.	Resident rental fee (per hour)	\$20.00	
	c.	Nonresident rental fee (per hour)	\$30.00	
	d.	Nonprofit group rental fee (per hour)	\$15.00	
(7)	Stevenson Park Pickleball Courts:			
	a.	Deposit (refundable)	\$100.00	
	b.	Resident rental fee (per hour)	\$15.00	
	c.	Nonresident rental fee (per hour)	\$20.00	
	d.	Nonprofit group rental fee (per hour)	\$10.00	
(8)	Stevenson Park Pool Exclusive Rental:			
	a.	Lifeguard Fee (per guard per hour)	\$15.00	
	b.	Resident rental fee (per hour)	\$40.00	
	c.	Nonresident rental fee (per hour)	\$50.00	
	d.	Nonprofit group rental fee (per hour)	\$15.00	
(9)	Stevenson Park Pool Wooden Deck Only:			

Description				Amount	Code Section
		a.	Guest fee (per person)	\$2.00	
		b.	Resident rental fee (per hour)	\$10.00	
		c.	Nonresident rental fee (per hour)	\$20.00	
		d.	Nonprofit group rental fee (per hour)	\$5.00	
	(10)		Stevenson Park Pool:		
		a.	Resident fees:		
		i.	Family pass	\$80.00	
		ii.	20 visit pass	\$30.00	
		iii.	Daily visit (all ages)	\$2.00	
		iv.	Seniors (60+)	\$0.00	
		b.	Nonresident fee:		
		i.	Family pass	\$110.00	
		ii.	20 visit pass	\$60.00	
		iii.	Daily visit (all ages)	\$4.00	
		iv.	Seniors (60+)	\$4.00	
	(11)		Old City Park:		
		a.	Cleanup and security deposit (refundable)	\$200.00	
		b.	Resident rental fee	\$75.00	
		c.	Nonresident rental fee	\$175.00	
		d.	Nonprofit group rental fee	\$25.00	
	(12)		Renwick Park:		
		a.	Resident daily rates (per hour/per field)	\$20.00	
		b.	Resident evening rates (5:30—11:00 p.m.) (per hour/per field)	\$30.00	
		c.	Nonresident daily rates (per hour/per field)	\$40.00	
		d.	Nonresident evening rate (5:00—11:00 p.m.) (per hour/per field)	\$50.00	
	(13)		Activity Building:		
		a.	Deposit (100 percent refundable)	\$500.00	
		b.	Janitorial fee	\$250.00	
		c.	Nonprofit group rental fee (per hour)	\$35.00	
		d.	Resident rental fee (per hour)	\$60.00	
		e.	Nonresident rental fee (per hour)	\$80.00	
	(14)		Centennial Park Pavilion:		
		a.	Cleanup and security deposit (refundable)	\$200.00	
		b.	Resident rental fee	\$75.00	
		c.	Nonresident rental fee	\$175.00	
		d.	Nonprofit group rental fee	\$25.00	
	(15)		Centennial Park Evelyn B. Newman Amphitheater:		
		a.	Deposit (100 percent refundable)	\$500.00	
		b.	Janitorial fee	\$250.00	
		c.	Resident rental fee	\$50.00	
		d.	Nonresident rental fee	\$70.00	
		e.	Nonprofit group rental fee (per hour)	\$25.00	
	(16)		Centennial Park Basketball Court (1/2 court):		
		a.	Deposit (refundable)	\$100.00	
		b.	Resident rental fee (per hour)	\$25.00	
		c.	Nonresident rental fee (per hour)	\$30.00	
		d.	Nonprofit group rental fee (per hour)	\$15.00	
	(17)		Centennial Park Fields:		
		a.	Resident daily rates (per hour/per field)	\$20.00	

Description				Amount	Code Section
		b.	Resident evening rates (5:30 - 11:00 p.m.) (per hour/per field)	\$30.00	
		c.	Nonresident daily rates (per hour/per field)	\$40.00	
		d.	Nonresident evening rate (5:30-11:00 p.m.) (per hour/per field)	\$50.00	
	(18)		Corporal Steven Schulz Sportspark Field:		
		a.	Resident daily rates (per hour/per field)	\$20.00	
		b.	Resident evening rates (5:30 - 11:00 p.m.) (per hour/per field)	\$30.00	
		c.	Nonresident daily rates (per hour/per field)	\$40.00	
		d.	Nonresident evening rate (5:00-11:00 p.m.) (per hour/per field)	\$50.00	
	For any facility rental over 75+ people and/or alcohol, an additional security fee will be added of \$81 per hour, per officer at a minimum of 3 hours.				
	The fees for other parks and recreation activities such as special events, summer programs, registration, classes and memberships, may be established by the Department Director, with the consent of the City Manager.				
	The city reserves the right to reduce or eliminate any and all fees for youth organizations, nonprofit organizations and/or city-sponsored events.				

Section 3. That the schedule of fees contained in Appendix D "Schedule of Fees, Rates, Charges, Deposits, Bond and Insurance Amounts" of the Friendswood City Code is hereby amended to add a new subsection to be numbered and entitled Subsection (3) "Body-worn camera recording," which subsection shall read as follows:

Appendix D

SCHEDULE OF FEES, RATES, CHARGES, DEPOSITS, BOND AND INSURANCE AMOUNTS

The schedule of fees for the city is printed herein and such fees are required in the section of the Code of Ordinances referenced. These fees should be checked against ordinances and resolutions on file in city hall; any conflict should be resolved in favor of the most recent applicable ordinance or resolution pertaining to a specific fee or charge.

Description				Amount	Code Section
...					
Public Information:					
<i>The charges for public information including judicial records are as follows:</i>					
...					
		(3)	<i>Body-worn camera recording:</i>		
		a.	Recording responsive to a public information request	\$10.00	
		b.	Additional charge per minute of audio or video footage responsive to a public information request, if identical information has not already been obtained by a member of the public in response to a request for information	\$1.00/full minute	

Section 4. That the schedule of fees contained in Appendix D "Schedule of Fees, Rates, Charges, Deposits, Bond and Insurance Amounts" of the Friendswood City Code is hereby amended to

amend and include Subsections (6) "Water meter fees," (7) "Automated meter antenna replacement – 6' cable," (8) "Automated meter antenna replacement – 20' cable," (9) "Same day service connection (one-time fee per customer request)," (10) "Utility meter removal/pulled meter fee," (11) Meter replacement fee (one-time fee per customer request)," (12) "Proof of residency documentation (per copied page)," (13) "Water Utility Rates," (14) "Wastewater utility rates," (15) "Earthwork Permit," (16) "Sitework Permit—Commercial/Multifamily," (17) "Sitework Permit—Single-Family Residential" in "Utilities – Chapter 86" fees, which subsections shall read as follows:

Appendix D

SCHEDULE OF FEES, RATES, CHARGES, DEPOSITS, BOND AND INSURANCE AMOUNTS

The schedule of fees for the city is printed herein and such fees are required in the section of the Code of Ordinances referenced. These fees should be checked against ordinances and resolutions on file in city hall; any conflict should be resolved in favor of the most recent applicable ordinance or resolution pertaining to a specific fee or charge.

Description	Amount	Code Section
Utilities---Chapter 86		

(6)	Water meter fees (cost per meter):		74-52 74-52(d)
-----	------------------------------------	--	-------------------

Meter Size	Automated
5/8"	\$382.50
1"	\$457.50
1.5"	\$928.75
2"	\$1,075.00
3"	\$2,950.00
4"	\$3,785.63
6"	\$6,202.54

(7)	Automated meter antenna replacement – 6' cable	\$34.00	
(8)	Automated meter antenna replacement – 20' cable	\$41.00	
(9)	Same day service connection (one-time fee per customer request)	\$75.00	
(10)	Utility meter removal/pulled meter fee	\$100.00	
(11)	Meter replacement fee (one-time fee per customer request)	\$75.00	
(12)	Proof of residency documentation (per copied page)	\$0.10	
(13)	Water utility rates;		

Monthly Minimum Charge—Single-Family Residential				
Meter Size	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Up to 1"	\$23.55	\$25.20	\$26.95	\$28.85
1½"	\$92.09	\$98.55	\$105.45	\$112.85
2"	\$147.43	\$157.75	\$168.80	\$180.60
3"	\$265.20	\$283.75	\$303.60	\$324.85
4"	\$433.43	\$463.75	\$496.20	\$530.95
6"	\$854.02	\$913.80	\$977.75	\$1,046.20
8"	\$1,358.72	\$1,453.85	\$1,555.60	\$1,664.50

Volumetric Rates—Single-Family Residential				
Per 1,000 Gallons	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
0—3,000 gallons	\$0.00	\$0.00	\$0.00	\$0.00
3,001—10,000 gallons	\$3.21	\$3.45	\$3.70	\$3.95
10,001—25,000 gallons	\$4.01	\$4.30	\$4.60	\$4.90
Above 25,000 gallons	\$6.02	\$6.45	\$6.90	\$7.40

Monthly Minimum Charge—Commercial, Multi-Unit (Residential or Commercial)				
Meter Size	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Up to 1"	\$23.55	\$25.20	\$26.95	\$28.85
1½"	\$92.09	\$98.55	\$105.45	\$112.85
2"	\$147.43	\$157.75	\$168.80	\$180.60
3"	\$265.20	\$283.75	\$303.60	\$324.85
4"	\$433.43	\$463.75	\$496.20	\$530.95
6"	\$854.02	\$913.80	\$977.75	\$1,046.20
8"	\$1,358.72	\$1,453.85	\$1,555.60	\$1,664.50

Volumetric Rates—Commercial, Multi-Unit (Residential or Commercial)				
	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Per 1,000 gallons	\$4.90	\$5.25	\$5.60	\$6.00

Monthly Minimum Charge—Irrigation/Sprinkler				
Meter Size	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Up to 1"	\$23.55	\$25.20	\$26.95	\$28.85
1½"	\$92.09	\$98.55	\$105.45	\$112.85
2"	\$147.43	\$157.75	\$168.80	\$180.60
3"	\$265.20	\$283.75	\$303.60	\$324.85
4"	\$433.43	\$463.75	\$496.20	\$530.95
6"	\$854.02	\$913.80	\$977.75	\$1,046.20
8"	\$1,358.72	\$1,453.85	\$1,555.60	\$1,664.50

Volumetric Rates—Irrigation/Sprinkler				
Per 1,000 Gallons	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
0—3,000 gallons	\$0.00	\$0.00	\$0.00	\$0.00
3,001—10,000 gallons	\$4.00	\$4.30	\$4.60	\$4.90
10,001—25,000 gallons	\$4.25	\$4.55	\$4.85	\$5.20
Above 25,000 gallons	\$6.02	\$6.45	\$6.90	\$7.40

	(14)	Wastewater utility rates		
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Wastewater Utility Rates				
Minimum Monthly Charge	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Single-family residential	\$27.96	\$29.90	\$32.00	\$33.30
Residential (multi-unit)	\$27.96	\$29.90	\$32.00	\$33.30
Commercial (single and multi-unit)	\$27.96	\$29.90	\$32.00	\$33.30

Volumetric Rates—Single-Family Residential				
Based on WMA**	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Per 1,000 gallons	\$4.29	\$4.60	\$4.90	\$5.10

Volumetric Rates—Commercial (Single), Multi-Unit* (Residential and Commercial)				
Based on 100% Water Consumption	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Per 1,000 gallons	\$4.29	\$4.60	\$4.90	\$5.10

	(15)	Earthwork Permit	\$50.00	86-392
	(16)	Sitework Permit—Commercial/Multifamily	\$500.00	86-412
	(17)	Sitework Permit—Single-Family Residential	\$250.00	86-412

Section 5. All ordinances or parts of ordinances inconsistent or in conflict herewith are, to the extent of such inconsistency, hereby repealed.

Section 6. In the event any clause, phrase, provision, sentence, or part of this ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 7. The City Secretary shall give notice of the enactment of this ordinance by promptly publishing the caption of this ordinance after final passage in the official newspaper of the City.

Section 8. This ordinance shall become effective on January 1, 2025.

INTRODUCED, READ AND PASSED on first reading by the affirmative vote of the City Council of the City of Friendswood on this the 4th day of November, 2024.

MIKE FOREMAN, Mayor

ATTEST:

LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney

INTRODUCED, READ AND PASSED on second and final reading by the affirmative vote of the City Council of the City of Friendswood on this the 2nd day of December, 2024.

JOE MATRANGA, Mayor Pro Tem

ATTEST:

LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney

Appendix D

SCHEDULE OF FEES, RATES, CHARGES, DEPOSITS, BOND AND INSURANCE AMOUNTS

The schedule of fees for the city is printed herein and such fees are required in the section of the Code of Ordinances referenced. These fees should be checked against ordinances and resolutions on file in city hall; any conflict should be resolved in favor of the most recent applicable ordinance or resolution pertaining to a specific fee or charge.

Description		Amount	Code Section
Administration			
(a)	Zoning Board of Adjustment applications	\$100.00	2-40
Animals			
(a)	<i>License and Registration Fees:</i>		
(1)	Neutered or spayed animals	\$5.00	10-13
(2)	Animal not neutered or spayed	\$10.00	
(3)	Dangerous animal registration	\$50.00	
(4)	Replacement tag	\$3.00	
(b)	<i>Permit Fees:</i>		
(1)	Kennel, less than ten dogs or cats	\$10.00	
(2)	Kennel, ten to 25 dogs or cats	\$15.00	
(3)	Kennel, more than 25 dogs or cats	\$25.00	
(4)	Pet shop/store	\$25.00	
(5)	Riding stable	\$25.00	
(6)	Auction place/facility	\$25.00	
(7)	Performing animal exhibition	\$25.00	
(8)	Zoological park	\$25.00	
(9)	Circus	\$25.00	
(10)	Grooming shop	\$25.00	
(c)	<i>Animal Handling and Shelter Fees:</i>		
(1)	Pick-up	\$15.00	
(2)	Boarding (per day)	\$7.50	
(3)	Owner disposal	\$20.00	
(4)	Owner turn-in	\$25.00	
(5)	Adoption, cats	\$85.00	
(6)	Adoption, dogs	\$100.00	
Buildings and Building Regulations			
(1)	<i>Building Permit Fees (Electrical):</i>		14-162
a.	Permit issuance fee (non-refundable)	\$30.00	
b.	Meter loop, service and four outlets	\$10.00	
c.	Outlets	\$0.35	
d.	Lighting fixtures	\$0.35	
e.	Range receptacle	\$1.00	
f.	Clothes dryer	\$1.00	
g.	Water heater	\$1.00	
h.	Cooking tops	\$1.00	
i.	Ovens	\$1.00	
j.	Garbage disposals	\$1.00	
k.	Dishwashers	\$1.00	
l.	Electric heaters	\$5.00	

Description			Amount	Code Section
	m.	Window air conditioning receptacle	\$4.50	
	n.	Temporary saw pole	\$10.00	
	o.	Temporary cut in	\$15.00	
	p.	Reconnect	\$20.00	
	q.	<i>Motors:</i>		
		Up to but not including ½ hp	\$0.50	
		½ hp and less than 2 hp	\$2.00	
		2 hp and less than 10 hp	\$3.00	
		10 hp and less than 25 hp	\$4.00	
		25 hp and less than 100 hp	\$8.00	
		100 hp and over	\$0.08/hp	
	r.	X-ray machines	\$2.00	
	s.	Signs: Shop inspection, per kva	\$2.00	
	t.	Incandescent and vacuum tube signs, per kva	\$2.00	
	u.	Festoon lighting and streamers, per circuit	\$0.50	
	v.	Swimming pools	\$15.00	
	w.	Reinspection fees	\$35.00	
	x.	Electric furnace	\$5.00	
(2)		<i>Building Permit Fees (Plumbing):</i>		14-252
	a.	Permit issuance fee (non-refundable)	\$30.00	
	b.	Each fixture, floor drain or trap (including all piping)	\$2.50	
	c.	Water connection/water meter installation	\$5.00	
	d.	Sewer connection	\$5.00	
	e.	Replacement or repair of sewer	\$5.00	
	f.	Cesspool	\$5.00	
	g.	Septic tank and seepage pit or drainfield	\$10.00	
	h.	Water heater and/or vent	\$2.50	
	i.	Installation, alteration or repair of water piping and/or water treating equipment	\$5.00	
	j.	Repair or alteration of drainage or vent piping	\$5.00	
	k.	Vacuum breakers or backflow protective devices (1 to 5)	\$2.50	
	l.	Vacuum breakers or backflow protective devices (over 5, each)	\$1.50	
	m.	Grease Trap	\$10.00	
	n.	Annual Gas Test	\$20.00	
	o.	Re-inspection fee	\$35.00	
(3)		<i>Building Permit Fees (Mechanical):</i>		14-275
	a.	Permit issuance fee (non-refundable)	\$30.00	
	b.	New installation of heating, ventilating ductwork, air conditioning and refrigeration systems:		
	1.	5 tons or less (each unit or system)	\$35.00	
	2.	More than 5 tons (per ton)	\$10.00	
	c.	Repairs, alterations and additions to existing system (5 tons or less)	\$25.00	
		More than 5 tons (per ton)	\$5.00	
	d.	Boilers 33,000 Btu (1 BHp) to 165,000 Btu (5 BHp)	\$5.00	
	e.	Boilers 165,001 Btu (5 BHp) to 330,000 Btu (10 BHp)	\$10.00	
	f.	Boilers 330,001 Btu (10 BHp) to 1,165,000 Btu (52 BHp)	\$15.00	
	g.	Boilers 1,165,001 Btu (52 BHp) to 3,300,000 Btu (98 BHp)	\$25.00	
	h.	Boilers over 3,300,000 Btu (98 BHp)	\$35.00	
	i.	Temporary operation inspection fee	\$5.00	

Description			Amount	Code Section
	j.	Reinspection fee	\$5.00	
	k.	Commercial, industrial, institutional kitchen hood/vent system	\$5.00	
(4)		<i>Building Permit Fees (Gas):</i>		14-299
	a.	Permit issuance fee (non-refundable)	\$30.00	
	b.	<i>Gas piping:</i>		
	1.	1 to 4 outlets	\$5.00	
	2.	Over 4 outlets, each	\$1.00	
	c.	Conversion burner, floor furnace, incinerator, boiler, or central heating or air conditioning unit	\$5.00	
		Each additional unit	\$1.00	
	d.	Vented wall furnace or water heater	\$2.50	
		Each additional unit	\$1.00	
	e.	Re-inspection fee	\$35.00	
(5)		<i>Building Permit Fees:</i>		
	a.	Permit issuance fee (all non-trade permits) (non-refundable)	10.00	
		<i>Commercial (new structures, additions, alterations); Permanent Signs:</i>		
	b.	For total valuation of \$1,000.00 and less	\$15.00	
	c.	For total valuation of \$1,001.00 to \$50,000.00, for first \$1,000.00	\$15.00	
		Plus, for each additional \$1,000.00 or fraction thereof, to and including \$50,000.00	\$5.00	
	d.	For total valuation of \$50,001.00 to \$100,000.00, for first \$50,000.00	\$260.00	
		Plus, for each additional \$1,000.00 or fraction thereof, to and including \$100,000.00	\$4.00	
	e.	For total valuation of \$100,001.00 to \$500,000.00, for the first \$100,000.00	\$460.00	
		Plus, for each additional \$1,000.00 or fraction thereof, to and including \$500,000.00	\$3.00	
	f.	For total valuation of \$500,001.00 and up, for first \$500,000.00	\$1,660.00	
		Plus, for each additional \$1,000.00 or fraction thereof	\$2.00	
	g.	Plan check fee (non-refundable)	Half of permit fee	
		<i>New Residential; Residential additions and alterations; swimming pool repairs:</i>		
	h.	Habitable space (air conditioned)	.40 per square foot	
	i.	Garage/non-habitable space/Utility (non-air conditioned) - minimum \$25.00 permit fee	.30 per square foot	
	j.	Storage buildings, patios, outdoor kitchens, swimming pool repairs - minimum \$25.00 permit fee	.30 per square foot	
	k.	Plan check fee (non-refundable)	Half of permit fee	
		<i>Miscellaneous Residential Permits (no plan check fee):</i>		
	l.	Foundation repair	\$50.00	
	m.	Re-Roof	\$50.00	
	n.	Fences, walls, driveways, paving	\$75.00	
	o.	Siding repair/replacement	\$50.00	

Description			Amount	Code Section
	p.	Window replacement	\$125.00	
	q.	Solar panel installation	\$125.00	
	r.	Swimming pools (in-ground)	\$475.00	
	s.	Swimming pools (above-ground)	\$125.00	
	t.	Irrigation	\$75.00	
	u.	Generator	\$150.00	
	v.	Moving of any building or structure (0 cubic feet and above)	\$100.00	
	w.	Demolition of buildings or structures	\$50.00	
	x.	Portable/temporary sign permit fee	\$10.00	
		<i>General Permit Fee Policies:</i>		
	y.	Work started without a permit shall be double permit fee.		
	z.	Permit fees based on square footage or value are rounded up the nearest dollar.		
	aa.	Refunds for work abandoned prior to commencement of construction, if request is received prior to expiration of six months from date of permit issuance shall be for the building permit fee only.		
	ab.	Resubmittal fee of plans for miscellaneous (l-x) permits.	½ of original permit fee	
(6)		Construction Board of Adjustment Application	\$300.00	
(7)		After hours inspection (one-time fee for scheduled after hours inspection)	\$100.00	
Businesses				
(1)		<i>Animal establishment permit fees:</i>		10-198
	a.	For each kennel authorized to house less than ten dogs or cats	\$10.00	
	b.	For each kennel authorized to house ten to 25 dogs or cats	\$15.00	
	c.	For each kennel authorized to house over 25 dogs or cats	\$25.00	
	d.	For each pet shop	\$25.00	
	e.	For each riding stable	\$25.00	
	f.	For each auction	\$25.00	
	g.	For each zoological park	\$25.00	
	h.	For each circus	\$25.00	
	i.	For each performing animal exhibition	\$25.00	
	j.	For each grooming shop	\$25.00	
(2)		<i>Peddlers, solicitors, canvassers and itinerant vendors:</i>		
	a.	Registration fee	\$5.00	18-48(b)
	b.	Replacement of registration certificate	\$2.00	18-48(b)
	c.	Identification cards, per card	\$3.00	18-54(c)
Emergency Medical Services				
(1)		<i>Services:</i>		
	a.	Advanced Life Support (ALS) Transport	\$1,300.00	
	b.	Advanced Life Support (ALS) - 2 Transport	\$1,500.00	
	c.	Basic Life Support (BLS) Transport	\$1,200.00	
	d.	Advanced Life Support (ALS) Disposables (Flat Rate)	\$400.00	
	e.	Basic Life Support (BLS) Disposables (Flat Rate)	\$200.00	
	f.	Oxygen	\$125.00	
	g.	Specialty Care Transport (SCT)	\$1,883.00	
	h.	Treat No Transport (TNT)	\$250.00	
	i.	Ground Mileage (per mile)	\$23.00	
(2)		EMS Records – Paper Copies (Patients)	N/C	

Description			Amount	Code Section
	(3)	<i>EMS Records – Paper Copies (Non-Patients):</i>		
	a.	First 15 pages (flat fee)	\$20.00	
	b.	Pages 16 to 20 (per page)	\$1.00	
	c.	Pages 20 to 400 (per page)	\$0.50	
	d.	Pages 401 and up (per page)	\$0.25	
	e.	Mailing, shipping or delivering	Actual Cost	
	(4)	<i>EMS Records – Digital or Electronic Medium:</i>		
	a.	500 pages or less	\$25.00	
	b.	More than 500 pages	\$50.00	
	c.	Mailing, shipping or delivering	Actual Cost	
	(5)	<i>Miscellaneous Other Fees:</i>		
	a.	Affidavit or Certification	\$5.00	
	b.	Written responses to a written set of questions (per set)	\$10.00	
Environment—Chapter 26				
	(1)	Charge for nuisance abatement proceedings	\$75.00	26-128
	(2)	Filing of lien	\$50.00	26-128
	(3)	Application fee for well-drilling permit	\$500.00	26-255(a)
	(4)	Processing fee for well-drilling permit application	\$100.00	26-256(c)
	(5)	Annual inspection fee for oil and gas wells	\$35.00	26-289(m)
Floods—Chapter 34				
	Development Permit (in addition to building and sitework permit fees)			
	(1)	Up to 5 acres	\$150.00	34-22
	(2)	Over 5 acres to 10 acres	\$250.00	34-22
	(3)	Over 10 acres	\$500.00	34-22
Law Enforcement—Chapter 42				
	(1)	Municipal court building security fee (fee against all defendants convicted of a misdemeanor offense by the municipal court)	\$4.90	20-01
	(2)	Municipal court technology fee (fee against each defendant for each conviction of a misdemeanor offense in the municipal court)	\$4.00	20-01
	(3)	Municipal court truancy fee (fee against each juvenile defendant for each conviction of a misdemeanor offense in the municipal court)	\$5.00	20-01
	(4)	Municipal court jury services fee (fee against each defendant for each conviction of a misdemeanor offense in the municipal court)	\$0.10	20-01
Library—Chapter 46				
	(1)	Late Fees		
	a.	Audiobooks	\$0.10 per day/\$5.00 max	
	b.	Books	\$0.10 per day/\$5.00 max	
	c.	CDs	\$0.10 per day/\$5.00 max	
	d.	CD Players	\$0.25 per day/\$5.00 max	
	e.	Dvd/Blu-Rays	\$0.25 per day/\$5.00 max	
	f.	Hotspots	\$0.25 per day/\$5.00 max	
	g.	Interlibrary Loans	\$0.25 per day/\$5.00 max	

Description				Amount	Code Section
		h.	Laptops	\$0.25 per day/\$5.00 max	
		i.	Launchpads	\$0.25 per day/\$5.00 max	
		j.	New Books	\$0.25 per day/\$5.00 max	
		k.	Records	\$0.25 per day/\$5.00 max	
		l.	Tablets	\$0.25 per day/\$5.00 max	
		m.	Take and Makes	\$0.25 per day/\$5.00 max	
		n.	Video Games	\$0.25 per day/\$5.00 max	
		o.	Projectors	\$5.00 per day	
	(2)		Rental Fees		
		a.	Projectors	\$3.00 per day	
	(3)		Miscellaneous Fees		
		a.	Credit card fee	\$1.25	
		b.	Lost item processing fee	\$5.00	
		c.	Returned check fee	\$35.00	
	(4)		Replacement fees		
		a.	Audiobook Case	\$7.00	
		b.	Audiobook Case (containing over 10 discs)	\$10.00	
		c.	Audiobook Disc replacement	\$10.00	
		d.	Book Jacket	\$2.00	
		e.	CD Jewel Box	\$5.00	
		f.	CD Jewel Box (front cover only)	\$2.00	
		g.	CD Jewel Box (double)	\$6.00	
		h.	CD Player Audio Cable	\$5.00	
		i.	CD Player Case	\$15.00	
		j.	CD Player Power Cable	\$5.00	
		k.	CD Player USB Adapter	\$5.00	
		l.	Digital Audiobook Case	\$10.00	
		m.	DVD Case	\$5.00	
		n.	DVD Case (containing multiple DVDs)	\$6.00	
		o.	Findaway AC Adapter	\$10.00	
		p.	Findaway Bumper	\$9.00	
		q.	Findaway Case	\$8.00	
		r.	Findaway USB Cord	\$7.00	
		s.	Lanyard (Playaway)	\$1.00	
		t.	Lost Book/CD/DVD/Etc.	Replacement cost of item	
		u.	Media Cover	\$2.00	
		v.	Playaway Battery Cover	\$1.00	
		w.	Record Cover	\$1.00	
		x.	Replacement Library Card	\$0.25	
	(5)		Printing Fees		
		a.	3D Printer	\$0.20 per gram (min. \$1.00)	
		b.	Poster Printer	\$0.01 per square inch	

Description				Amount	Code Section
	The City reserves the right to reduce or eliminate any and all library fees or fines for special incentive programs or for item damage due to floods or other natural disaster events.				
Manufactured Homes and Trailers—Chapter 50					
	(1)	Annual mobile home parking permit		\$0.00	50-127(d)
	(2)	Semiannual mobile home parking permit		\$0.00	50-127(d)
	(3)	Refund of parking permits:			50-127(f)
		a.	For less than one month:		
			1. Annual permits	\$0.00	
			2. Semiannual permits	\$0.00	
		b.	For mobile homes in the city more than one month but less than six months (annual permit only)	\$0.00	
	(4)	Service charge for transfer or assignment of mobile home parking permit		\$0.00	50-127(g)
	(5)	Service charge for replacement of lost, etc., mobile home parking permit		\$0.00	50-127(h)
	(6)	Temporary mobile home parking permit		\$0.00	50-128
	(7)	Mobile home park license application investigation fee		\$0.00	50-156
	(8)	Annual license fee for mobile home parks (including license renewal):			
		Mobile home stands: one or more			
Offenses and Miscellaneous Provisions—Chapter 54					
Permit Fee and Permit Renewal Fee					
	Residential site			36.00	
	Commercial site			\$72.00	
	Financial site			\$72.00	
	Educational/government site			No fee	
	Late fee			\$10.00	
	Alarm permit reinstatement fee			½ of permit fee	
False Alarm Fines					
	More than 3 but fewer than 6 in the preceding 12-month period (per alarm)			\$50.00	
	More than 5 but fewer than 8 in the preceding 12-month period (per alarm)			\$75.00	
	Eight or more other false alarms in the preceding 12-month period (per alarm)			\$100.00	
	Monitoring company failure to verify (per incident)			\$100.00	
	False statement by alarm co. employee (per incident)			\$200.00	
	Appeal fee (per appeal)			\$25.00	
	Use of a non-permitted alarm system (per incident)			\$100.00	
	Use of alarm system during alarm permit suspension (per alarm)			\$200.00	
	Failure to comply with or violation of section 54-125 (per incident)			\$200.00	
Parks and Recreation Facilities—Chapter 58					
	(1)	Leavesley Park Jones Hangar:			
		a.	Deposit (100 percent refundable)	\$500.00	
		b.	Janitorial fee	\$250.00	
		c.	Resident Nonprofit group rental fee (per hour)	\$25.00 \$35.00	
		d.	Resident rental fee (per hour)	\$60.00	
		e.	Nonresident rental fee (per hour)	\$80.00	
		f.	Nonresident Nonprofit group rental fee (per hour)	\$60.00	
	(2)	Stevenson Park Gazebo:			

Description				Amount	Code Section
	a.	Cleanup and security deposit (refundable)		\$200.00	
	b.	Resident rental fee		\$50.00	
	c.	Nonresident rental fee		\$75.00 100.00	
	d.	Resident Nonprofit group rental fee		\$0.00 \$25.00	
	e.	Nonresident Nonprofit group rental fee		\$50.00	
(3)		Stevenson Park Large or Small Pavilion:			
	a.	Cleanup and security deposit (refundable)		\$200.00	
	b.	Resident rental fee		\$75.00	
	c.	Nonresident rental fee		\$175.00	
	d.	Resident Nonprofit group rental fee		\$0.00 \$25.00	
	e.	Nonresident Nonprofit group rental fee		\$75.00	
(4)		Stevenson Park Green Space:			
	a.	Deposit (refundable)		\$0.00 \$100.00	
	b.	Resident r Rental fee		\$25.00	
	e.	Nonresident rental fee		\$25.00	
(5)		Stevenson Park Basketball Court (1/2 Court):			
	a.	Deposit (refundable)		\$100.00	
	b.	Resident rental fee (per hour)		\$25.00	
	c.	Nonresident rental fee (per hour)		\$30.00	
	d.	Nonprofit group rental fee (per hour)		\$15.00	
(6)		Stevenson Park Sand Volleyball Court or Tennis Courts:			
	a.	Deposit (refundable)		\$100.00	
	b.	Resident rental fee (per hour)		\$10.00 \$20.00	
	c.	Nonresident rental fee (per hour)		\$15.00 \$30.00	
	d.	Nonprofit group rental fee (per hour)		\$15.00	
(7)		Stevenson Park Pickleball Courts:			
	a.	Deposit (refundable)		\$100.00	
	b.	Resident rental fee (per hour)		\$15.00	
	c.	Nonresident rental fee (per hour)		\$20.00	
	d.	Nonprofit group rental fee (per hour)		\$10.00	
(78)		Stevenson Park Pool Exclusive Rental:			
	a.	Lifeguard Fee (per guard per hour)		\$15.00	
	b.	Resident rental fee (per hour)		\$40.00	
	c.	Nonresident rental fee (per hour)		\$50.00	
	d.	Nonprofit group rental fee (per hour)		\$15.00	
(89)		Stevenson Park Pool Wooden Deck Only:			
	a.	Guest fee (per person)		\$2.00	
	b.	Resident rental fee (per hour)		\$10.00	
	c.	Nonresident rental fee (per hour)		\$20.00	
	d.	Nonprofit group rental fee (per hour)		\$5.00	
(910)		Stevenson Park Pool:			
	a.	Resident fees:			
	i.	Family pass		\$80.00	
	ii.	20 visit pass		\$30.00	
	iii.	Daily visit (all ages)		\$2.00	
	iv.	Seniors (60+)		\$0.00	
	b.	Nonresident fee:			
	i.	Family pass		\$110.00	
	ii.	20 visit pass		\$60.00	
	iii.	Daily visit (all ages)		\$4.00	
	iv.	Seniors (60+)		\$4.00	
(101)		Old City Park:			

Description			Amount	Code Section
	a.	Cleanup and security deposit (refundable)	\$200.00	
	b.	Resident rental fee	\$75.00	
	c.	Nonresident rental fee	\$175.00	
	d.	Resident Nonprofit group rental fee	\$0.00 \$25.00	
	e.	Nonresident Nonprofit group rental fee	\$75.00	
(142)	Renwick Park:			
	a.	Resident daily rates (per hour/per field)	\$20.00	
	b.	Resident evening rates (5:30—11:00 p.m.) (per hour/per field)	\$30.00	
	c.	Nonresident daily rates (per hour/per field)	\$40.00	
	d.	Nonresident evening rate (5:00—11:00 p.m.) (per hour/per field)	\$50.00	
(123)	Activity Building:			
	a.	Cleanup and security deposit Deposit (100 percent refundable)	\$200.00 \$500.00	
	b.	Janitorial fee	\$250.00	
	c.	Nonprofit group rental fee (per hour)	\$35.00	
	d.	Resident rental fee (per hour)	\$100.00 \$60.00	
	e.	Nonresident rental fee (per hour)	\$200.00 \$80.00	
(134)	Centennial Park Pavilion:			
	a.	Cleanup and security deposit (refundable)	\$200.00	
	b.	Resident rental fee	\$75.00	
	c.	Nonresident rental fee	\$175.00	
	d.	Resident Nonprofit group rental fee	\$0.00 \$25.00	
	e.	Nonresident Nonprofit group rental fee	\$75.00	
(145)	Centennial Park Evelyn B. Newman Amphitheater:			
	a.	Cleanup and security deposit deposit (100 percent refundable)	\$500.00	
	b.	Janitorial fee	\$250.00	
	b.c	Resident rental fee	\$250.00 \$50.00	
	d.	Nonresident rental fee	\$350.00 \$70.00	
	d.e.	Resident Nonprofit group rental fee (per hour)	\$25.00	
	e.	Nonresident Nonprofit group rental fee	\$250.00	
(156)	Centennial Park Basketball Court (1/2 court):			
	a.	Deposit (refundable)	\$100.00	
	b.	Resident rental fee (per hour)	\$25.00	
	c.	Nonresident rental fee (per hour)	\$30.00	
	d.	Nonprofit group rental fee (per hour)	\$15.00	
(167)	Centennial Park Fields:			
	a.	Resident daily rates (per hour/per field)	\$20.00	
	b.	Resident evening rates (5:30 - 11:00 p.m.) (per hour/per field)	\$30.00	
	c.	Nonresident daily rates (per hour/per field)	\$40.00	
	d.	Nonresident evening rate (5:30-11:00 p.m.) (per hour/per field)	\$50.00	
(178)	Corporal Steven Schulz Sportspark Field			
	a.	Resident daily rates (per hour/per field)	\$20.00	
	b.	Resident evening rates (5:30 - 11:00 p.m.) (per hour/per field)	\$30.00	
	c.	Nonresident daily rates (per hour/per field)	\$40.00	
	d.	Nonresident evening rate (5:00-11:00 p.m.) (per hour/per field)	\$50.00	

Description			Amount	Code Section
	For any facility rental over 75+ people and/or alcohol, an additional security fee will be added of \$55 <u>\$81</u> per hour, per officer at a minimum of 3 hours.			
	The fees for other parks and recreation activities such as special events, summer programs, registration, classes and memberships, may be established by the Department Director, with the consent of the City Manager.			
	The city reserves the right to reduce or eliminate any and all fees for youth organizations, nonprofit organizations and/or city-sponsored events.			
Public Information:				
The charges for public information including judicial records are as follows:				
	(1)	Standard paper copy	\$0.10	
	(2)	Nonstandard paper copy:		
	a.	Diskette	\$1.00	
	b.	Magnetic tape	Actual cost	
	c.	Data cartridge	Actual cost	
	d.	Tape cartridge	Actual cost	
	e.	Rewritable CD (CD-RW)	\$1.00	
	f.	Non-rewritable CD (CD-R)	\$1.00	
	g.	Digital video disc (DVD)	\$3.00	
	h.	JAZ drive	Actual cost	
	i.	Other electronic media	Actual cost	
	j.	VHS video cassette	\$2.50	
	k.	Audio cassette	\$1.00	
	l.	Oversize paper copy (e.g.; 11 x17, greenbar, bluebar, not including maps and photographs using specialty paper)	\$0.50	
	m.	Specialty paper (e.g.: Mylar, blueprint, blueline, map, photographic)	Actual cost	
	n.	Postal-related expenses necessary to transmit reproduced documents to the requesting party	Actual cost	
	o.	Duplicate originals or certified copy of a release given by the City	\$25.00	
	p.	Police accident report	\$6.00	
	q.	Certified police accident report	\$11.00	
	r.	Certified copies (unless specified otherwise in this section)	\$5.00	
	(3)	<u>Body-worn camera recording:</u>		
	a.	<u>Recording responsive to a public information request</u>	<u>\$10.00</u>	
	b.	<u>Additional charge per minute of audio or video footage responsive to a public information request, if identical information has not already been obtained by a member of the public in response to a request for information</u>	<u>\$1.00/full minute</u>	
	All other charges not specifically mentioned in this subsection shall be the same as those provided in the schedule of fees adopted by the state general services commission in 1 T.A.C. 111.61-111.70; and the definitions and procedures contained in such subsections are hereby adopted by the city.			
	Personnel charges in excess of 36 hours. Notwithstanding any provision contained herein to the contrary, any requestor of public information will be charged personnel costs in accordance with V.T.C.A., Government Code § 552.275 for all time in excess of 36 hours spent by personnel of the city in producing public information to a requestor during a 12-month period commencing on October 1 of each year.			
Solid Waste—Chapter 66				
	(1)	Total Residential Bag-96 gal Cart/18 gal Recycle Bin	\$17.41/mo.	66-21
	(2)	Additional 18 gallon recycle bin	\$8.54/mo.	
	(3)	Total Residential Bag-96 gal Cart/96 Gal Recycle Cart	\$18.73/mo.	
	(4)	Commercial rate schedule:		
	a.	Lifts per week:		

Container Size	1	2	3	4	5	6	Extra Lifts
96 gal container	\$41.78	\$62.67					
2 cu. yds.	\$102.43	\$121.07	\$204.69	\$286.36	\$375.64	\$473.00	\$19.22
3 cu. yds.	\$117.61	\$154.38	\$285.82	\$399.84	\$524.46	\$660.43	\$28.83
4 cu. yds.	\$118.07	\$155.29	\$287.20	\$401.67	\$526.77	\$663.16	\$38.43
6 cu. yds.	\$133.65	\$240.98	\$349.51	\$459.89	\$582.47	\$698.86	\$57.64
8 cu. yds.	\$236.08	\$364.04	\$466.04	\$621.26	\$793.80	\$953.71	\$76.83

	b.	Containers with casters	\$6.63/mo.	
	c.	Containers with locks or gates, per month	\$9.95/mo.	
	d.	Commercial recycling:		
	1.	Six cubic yards, per month.	\$92.87/mo.	
	2.	Eight cubic yards, per month	\$112.77/mo.	
(3)		Roll off rate schedule:		

Size	Rental per Day	Delivery Fee	Haul Rate
20 cubic yards*	\$5.37	\$59.07	\$296.42
30 cubic yards*	\$5.37	\$59.07	\$356.57
40 cubic yards*	\$5.37	\$59.09	\$424.23
25 cubic yards	\$5.37	\$59.07	\$328.64
35 cubic yards	\$5.37	\$59.07	\$392.01
40 cubic yards	\$5.37	\$59.07	\$424.23

*Open tops only

	(5)	Light commercial collection (1 x week), per month:		\$41.85
	6)	Light commercial collection (2 x week), per month:		\$62.78
	*Commercial rates do not include 8% franchise fee or sales tax.			
Streets, Sidewalks and Other Public Places—Chapter 70				
	(1)	Application fee for applicant seeking vacation of any right-of-way	\$300.00	70-25
	(2)	Excavation permit fee	\$2.00	70-145
Telecommunications—Chapter 78				
	(1)	Monthly charge (per access line)	\$0.94	78-23
	(2)	Monthly fee (per subscriber/customer)	\$0.94	78-23
Network Nodes:				
	(1)	Application Fees:		Ch. 284
	a.	Network Nodes (up to 5 nodes)	\$500.00	
	b.	Each additional network node	\$250.00	
	c.	Node support poles	\$1,000.00	
	(2)	Monthly Fees:		Ch. 284
	a.	Transport Facilities (per network node)	\$28.00	
	(3)	Annual Fees:		Ch. 284
	a.	Per network node	\$250.00	
	b.	Collocation of network nodes on City Service Poles	\$20.00	
Utilities—Chapter 86				
	(1)	Security deposits for water, sewer and/or garbage collection service:		86-1
	a.	Structures with one to five units, per unit (residential owner initiated)	\$100.00	
	b.	Structures with six or more units, first five units	\$400.00	
		Plus, for each unit in excess of five	\$50.00	
	c.	Builders, realtors or other temporary multi-property customers may post a blanket standing deposit of \$500.00 for up to ten		

		accounts. If more than ten accounts are activated, the city may require additional deposits.		
	d.	Hydrant meter use (as security for loan of hydrant meter), refundable if meter is returned in the same working conditions	\$1,200.00	
	e.	Structures with one to five units, per unit (tenant initiated)	\$200.00	
	f.	Structures with one to five units, per unit (commercial customer)	\$250.00	
	(2)	Returned check charge	\$35.00	86-2(1)
	(3)	Disconnection/reconnection of water and/or sewer services	\$50.00	86-2(2)
	a.	After-hours reconnection (customer requested reconnect)	\$75.00	
	(4)	Unauthorized connection or tampering fee (plus costs of repair, etc.)	\$100.00	86-2(4)
	(5)	City-wide impact fees:		74-52 74-52(d)

Meter Size	Water	Sewer	Total
1" Simple	\$3,721	\$1,675	\$5,396
1.5" Simple	\$8,558	\$3,852	\$12,410
2" Compound	\$10,790	\$4,857	\$15,647
3" Compound	\$33,861	\$15,242	\$49,103
4" Compound	\$84,466	\$38,022	\$122,488
6" Compound	\$135,444	\$60,970	\$196,414
8" Compound	\$270,516	\$121,772	\$392,288
10" Compound	\$439,822	\$197,985	\$637,807
12" Compound	\$541,405	\$243,712	\$785,117

	(6)	Water meter fees (cost per meter):				74-52 74-52(d)
		Meter Size	Manual	Automated		
		5/8"	n/a	\$287.50 \$382.50		
		1"	\$155.00	\$330.00 \$457.50		
		1.5"	\$400.00	\$555.56 \$928.75		
		2"	\$500.00	\$680.56 \$1075.00		
		3"	\$2,000.00	\$2,525.00 \$2,950.00		
		4"	\$3,000.00	\$3,206.00 \$3,785.63		
		6"	\$6,000.00	\$5,325.00 \$6,202.54		

	Description	Amount	Code Section
(7)	Automated meter antenna replacement – 6' cable	\$34.00	
(8)	Automated meter antenna replacement – 20' cable	\$41.00	
(79)	Same day service connection (one-time fee per customer request)	\$75.00	
(810)	Utility meter removal/pulled meter fee	\$100.00	
(911)	Meter replacement fee (one-time fee per customer request)	\$75.00	
(102)	Proof of residency documentation (per copied page)	\$0.10	
(143)	Water Utility Rates;		

Monthly Minimum Charge—Single-Family Residential				
Meter Size	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Up to 1"	\$23.55	\$25.20	\$26.95	\$28.85
1½"	\$92.09	\$98.55	\$105.45	\$112.85
2"	\$147.43	\$157.75	\$168.80	\$180.60
3"	\$265.20	\$283.75	\$303.60	\$324.85

Monthly Minimum Charge—Single-Family Residential				
Meter Size	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
4"	\$433.43	\$463.75	\$496.20	\$530.95
6"	\$854.02	\$913.80	\$977.75	\$1,046.20
8"	\$1,358.72	\$1,453.85	\$1,555.60	\$1,664.50

Volumetric Rates—Single-Family Residential				
Per 1,000 Gallons	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
0—3,000 gallons	\$0.00	\$0.00	\$0.00	\$0.00
3,001—10,000 gallons	\$3.21	\$3.45	\$3.70	\$3.95
10,001—25,000 gallons	\$4.01	\$4.30	\$4.60	\$4.90
Above 25,000 gallons	\$6.02	\$6.45	\$6.90	\$7.40

Monthly Minimum Charge—Commercial, Multi-Unit (Residential or Commercial)				
Meter Size	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Up to 1"	\$23.55	\$25.20	\$26.95	\$28.85
1½"	\$92.09	\$98.55	\$105.45	\$112.85
2"	\$147.43	\$157.75	\$168.80	\$180.60
3"	\$265.20	\$283.75	\$303.60	\$324.85
4"	\$433.43	\$463.75	\$496.20	\$530.95
6"	\$854.02	\$913.80	\$977.75	\$1,046.20
8"	\$1,358.72	\$1,453.85	\$1,555.60	\$1,664.50

Volumetric Rates—Commercial, Multi-Unit (Residential or Commercial)				
	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Per 1,000 gallons	\$4.90	\$5.25	\$5.60	\$6.00

Monthly Minimum Charge—Irrigation/Sprinkler				
Meter Size	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Up to 1"	\$23.55	\$25.20	\$26.95	\$28.85
1½"	\$92.09	\$98.55	\$105.45	\$112.85
2"	\$147.43	\$157.75	\$168.80	\$180.60
3"	\$265.20	\$283.75	\$303.60	\$324.85
4"	\$433.43	\$463.75	\$496.20	\$530.95
6"	\$854.02	\$913.80	\$977.75	\$1,046.20
8"	\$1,358.72	\$1,453.85	\$1,555.60	\$1,664.50

Volumetric Rates—Irrigation/Sprinkler				
Per 1,000 Gallons	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
0—3,000 gallons	\$0.00	\$0.00	\$0.00	\$0.00
3,001—10,000 gallons	\$4.00	\$4.30	\$4.60	\$4.90

Volumetric Rates—Irrigation/Sprinkler				
Per 1,000 Gallons	January 1, 2023	January 1,2025	January 1,2026	January 1,2027
10,001—25,000 gallons	\$4.25	\$4.55	\$4.85	\$5.20
Above 25,000 gallons	\$6.02	\$6.45	\$6.90	\$7.40

(124) Wastewater utility rates.

Wastewater Utility Rates				
Minimum Monthly Charge	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Single-family residential	\$27.96	\$29.90	\$32.00	\$33.30
Residential (multi-unit)	\$27.96	\$29.90	\$32.00	\$33.30
Commercial (single and multi-unit)	\$27.96	\$29.90	\$32.00	\$33.30

Volumetric Rates—Single-Family Residential				
Based on WMA**	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Per 1,000 gallons	\$4.29	\$4.60	\$4.90	\$5.10

Volumetric Rates—Commercial (Single), Multi-Unit* (Residential and Commercial)				
Based on 100% Water Consumption	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Per 1,000 gallons	\$4.29	\$4.60	\$4.90	\$5.10

(135)	Earthwork Permit	\$50.00	86-392
(146)	Sitework Permit—Commercial/Multifamily	\$500.00	86-412
(157)	Sitework Permit—Single-Family Residential	\$250.00	86-412
Vehicles for Hire—Chapter 90			
(1)	Wrecker service towing fees		90-27
a.	The standard auto wrecker service charge for towing a vehicle to a vehicle storage facility or to the place of business of the auto wrecker, shall not exceed \$85.00; provided, however, if the destination of the tow exceeds 15 miles from the point where the wrecker picked up the tow, the operator shall be permitted to charge an additional fee not to exceed \$2.00 for each mile towed in excess of 15 miles. This charge shall apply whether the tow is performed during the day, at night, on a Saturday or Sunday, or on a holiday. If the police department requires the vehicle to be moved from the location to which it was originally towed to another location within the city, an additional fee, not to exceed \$30.00, may be charged for transferring the vehicle.		

	b.	The service charge for a heavy-duty wrecker performing police-authorized or nonconsent tows, where the services of a heavy-duty wrecker are required, shall not exceed \$125.00 per hour, with a one-hour minimum. The time shall begin at the time of dispatch and end when the vehicle is delivered to the vehicle storage facility or designated location.		
	c.	The service charge for removal and replacement of a tire and wheel assembly required to tow a vehicle shall not [exceed] \$20.00.		
	d.	The service charge for righting an overturned vehicle on level ground shall not exceed \$50.00.		
	e.	The service charge for placement of a vehicle on a dolly or dollies in order to tow the vehicle shall not exceed \$100.00.		
	f.	The service charge for towing a motorcycle shall not exceed \$100.00.		
	g.	The charge for up to two hours work on specialized recoveries of vehicles that are submerged, or in difficult terrain, or in other abnormal locations shall not exceed \$125.00; provided, however, if any such specialized recovery takes more than two hours, the charge shall not exceed \$65.00 per hour.		
	h.	The charge for or the storage, preservation, and any required notifications required of the permitted wrecker operator shall not exceed those charges established from time to time by the Texas Department of Transportation, pursuant to the Texas Vehicle Storage Facility Act, V.T.C.A., Transportation Code § 685.001 et seq.		
(2)		Wrecker permit fee, annually	\$15.00	90-59
Appendix A—Signs				
(1)		Street Banner—Nonrefundable application fee	\$25.00	15(i)
(2)		Street Banner permit fee	\$100.00	15(i)
Appendix B—Subdivisions				
(1)		Master plan	\$200.00	
(2)		Preliminary plat	\$1,000.00	
(3)		Final plat, amending plat, replat, short form final plat	\$500.00	
(4)		Extension of plat approval	\$100.00	
(5)		Vacation of plat	\$300.00	
(6)		Infrastructure plan review	\$500.00	
(7)		Commercial site plan	\$500.00	
(8)		Development permit	\$25.00	
(9)		Per-dwelling unit park dedication fee	\$600.00	
(10)		Tree mitigation fee (per caliper inch)	\$400.00	
(11)		Plat resubmittal fee	\$200.00	
Appendix C—Zoning				
(1)		Specific use permits	\$300.00	
(2)		Planned Unit Development	\$500.00	
(3)		Zone change request	\$300.00	
(4)		Tenant occupancy fee	\$75.00	
(5)		Zoning board of adjustment applications	\$100.00	
(6)		Permit for the conduct of outdoor sales	\$25.00	
(7)		Special events	\$50.00	

Credit Card Payment Processing Convenience Fees			
	Utility service and utility administrative fees paid by debit or credit card (online or in person)	2.5% of fees(s)	
	Municipal court fines and fees paid by debit or credit card (online or in person)	2.5% of fee(s)	
	City services fees (animal control related services, alarm permits, false alarm fines) paid by debit or credit card (online or in person)	2.5% of fee(s)	
	Parks and recreation services fees by debit or credit card (online or in person)	2.5% of fee(s)	
	Building permits related fees paid by debit or credit card (online or in person)	2.5% of fee(s)	

CITY OF FRIENDSWOOD

Fee Update Summary



Utilities

Utilities – Water and Wastewater

- **Utility Cost of Service and Rate Study**
 - Willdan Financial
 - June 3, 2024 City Council Meeting
- **Why is a utility rate increase necessary?**
 - Increased operating costs (including personnel)
 - Aging Infrastructure
 - New debt required to fund estimated CIP over the next 5 years of approximately \$105M



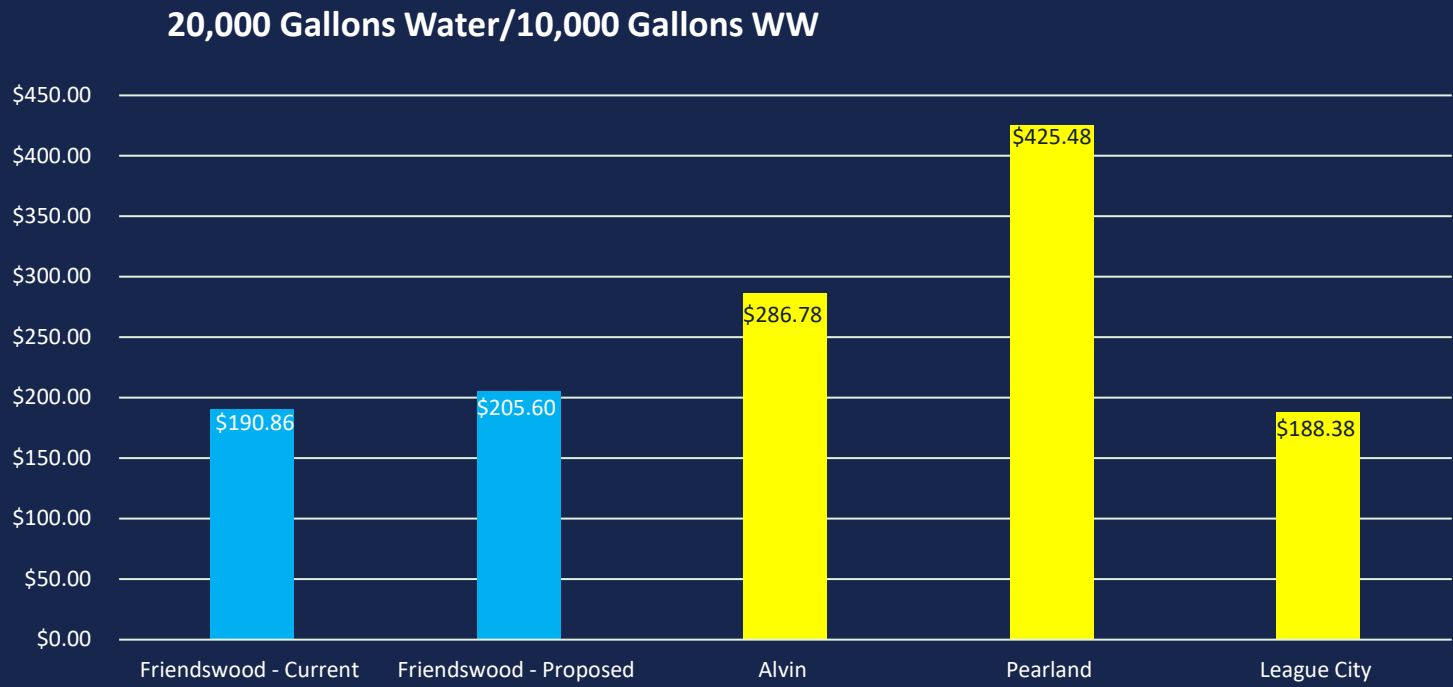
Utilities – Water Meter Fees

- Automated meter fees based on current market
- Eliminates the rates for manual meters
- Adds fee for antenna replacement
 - 6' cable - **\$34**
 - 8' cable - **\$41**

Meter Size	Current	Proposed
5/8"	\$287.50	\$382.50
1"	\$330.00	\$457.50
1.5"	\$555.56	\$928.75
2"	\$680.56	\$1,075.00
3"	\$2,525.00	\$2,950.00
4"	\$3,206.00	\$3,785.63
6"	\$5,325.00	\$6,202.54



Utilities – Current Bi-Monthly Charges – W&S



League City is currently doing a rate study.

Utilities – Water Utility Rates

Monthly Minimum Charge:

- Single Family Residential
- Commercial, Multi-Unit (Residential or Commercial)
- Irrigation/Sprinkler Meter

Increase of ≈7% each year

Meter Size	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Up to 1"	\$23.55	\$25.20	\$26.95	\$28.85
1 ½"	\$92.09	\$98.55	\$105.45	\$112.85
2"	\$147.43	\$157.75	\$168.80	\$180.60
3"	\$265.20	\$283.75	\$303.60	\$324.85
4"	\$433.43	\$463.75	\$496.20	\$530.95
6"	\$854.02	\$913.80	\$977.75	\$1,046.20
8"	\$1,358.72	\$1,453.85	\$1,555.60	\$1,664.50



Utilities – Water Utility Rates

- **Volumetric Rates – Single Family**

Per 1,000 gallons	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
0 - 3,000	\$0.00	\$0.00	\$0.00	\$0.00
3,001 - 10,000	\$3.21	\$3.45	\$3.70	\$3.95
10,001 - 25,000	\$4.01	\$4.30	\$4.60	\$4.90
> 25,000	\$6.02	\$6.45	\$6.90	\$7.40

- **Increase of ≈7% each year**



Utilities – Water Utility Rates

- **Volumetric Rates – Commercial, Multi-Unit (Residential or Commercial)**

Per 1,000 gallons	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
	\$4.90	\$5.25	\$5.60	\$6.00

- **Increase of $\approx 7\%$ each year**



Utilities – Water Utility Rates

- Volumetric Rates – Irrigation Sprinkler

Per 1,000 gallons	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
0 - 3,000	\$0.00	\$0.00	\$0.00	\$0.00
3,001 - 10,000	\$4.00	\$4.30	\$4.60	\$4.90
10,001 - 25,000	\$4.25	\$4.55	\$4.85	\$5.20
> 25,000	\$6.02	\$6.45	\$6.90	\$7.40

- Increase of ≈7% each year



Utilities – Wastewater Utility Rates

- **Monthly Minimum Charge:**

Single Family Residential

Residential (multi-unit)

Commercial (single and multi-unit)

0 - 3,000 gallons	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
	\$27.96	\$29.90	\$32.00	\$33.30

- **Increase of 4-7% each year**



Utilities – Wastewater Utility Rates

- **Volumetric Rates**

**Single Family Residential, Commercial (Single),
Multi-Unit (Residential and Commercial)**

Based on WMA	January 1, 2023	January 1, 2025	January 1, 2026	January 1, 2027
Per 1,000 gallons	\$4.29	\$4.60	\$4.90	\$5.10

- **Increase of 4-7% each year**



Public Information

Public Information

- **Adds Body-worn camera recording:**
 - Recording responsive to a public information request - **\$10**
 - Additional charge per minute of audio or video footage responsive to a public information request, if identical information has not already been obtained by a member of the public in response to a request for information - **\$1.00/full minute**



Parks & Recreation Facilities

Parks & Recreation Facilities

- **Leavesley Park Jones Hangar**
 - One nonprofit rate
 - **\$35** per hour (\$25 resident nonprofit and \$60 nonresident nonprofit)
- **Stevenson Park Gazebo**
 - Nonresident rental fee will increase from \$75 to \$100
 - One nonprofit rate - **\$25** (\$0 resident nonprofit and \$50 nonresident nonprofit)
- **Stevenson Park Large or Small Pavilion**
 - One nonprofit rate
 - **\$25** per hour (\$0 resident nonprofit and \$75 nonresident nonprofit)



Parks & Recreation Facilities (Cont.)

- **Stevenson Park Green Space**
 - Adds a refundable deposit - **\$100**
 - Rental fee **\$25** (residents, nonresidents & nonprofits)
- **Stevenson Park Basketball Court (1/2 Court)**
 - Adds a nonprofit group rental fee - **\$15** per hour
- **Stevenson Park Sand Volleyball Court or Tennis Courts**
 - Resident rental fee will increase from \$10 to **\$20** per hour
 - Nonresident rental fee will increase from \$15 to **\$30** per hour
 - Adds a nonprofit group rental fee of **\$15** per hour



Parks & Recreation Facilities (Cont.)

- **Stevenson Park Pickleball Courts (New Section)**
 - Deposit (refundable) - **\$100**
 - Resident rental fee (per hour) - **\$15**
 - Nonresident rental fee (per hour) - **\$20**
 - Nonprofit group rental fee (per hour) - **\$10**
- **Stevenson Park Pool Exclusive Rental**
 - Adds nonprofit group rental fee (per hour) - **\$15**
- **Stevenson Park Pool Wooden Deck Only**
 - Adds nonprofit group rental fee (per hour) - **\$5**



Parks & Recreation Facilities (Cont.)

- **Old City Park**
 - One nonprofit rate
 - **\$25** per hour (\$0 resident nonprofit and \$75 nonresident nonprofit)
- **Activity Building**
 - Deposit (100% refundable) of **\$500**
 - Adding a Janitorial fee of **\$250**
 - Previously a refundable cleanup and security deposit of **\$200**
 - Decreasing the resident rental fee from \$100 to **\$60** per hour
 - Decreasing the nonresident rental fee from \$200 to **\$80** per hour



Parks & Recreation Facilities (Cont.)

- **Centennial Park Pavilion**

- There will only be one nonprofit rate
- **\$25** per hour (\$0 resident nonprofit and \$75 nonresident nonprofit)

- **Centennial Park Evelyn B. Newman Amphitheater**

- Cleanup and security deposit of \$500 becomes a 100% reimbursable deposit
- Adds a janitorial fee of **\$250**
- Decreasing the resident rental fee from \$250 to **\$50** per hour
- Decreasing the nonresident rental fee from \$350 to **\$70** per hour
- There will only be one nonprofit rate
- **\$25** per hour (\$25 resident nonprofit and \$250 nonresident nonprofit)



Parks & Recreation Facilities (Cont.)

- **Centennial Park Basketball Court (1/2 Court)**
 - Adding nonprofit group rental fee (per hour) - **\$15**
- **Facility Security – additional security fee for groups 75+ people**
 - From \$55 to **\$81** per hour
 - Based on the average overtime rate of a police officer



Questions or Comments?



City of Friendswood, TX

2024 Water & Wastewater Rate Study



CITY OF FRIENDSWOOD, TEXAS WATER AND WASTEWATER RATE STUDY TABLE OF CONTENTS

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Appendix A – Water and Wastewater Rate Model – Proposed Rate Plan

Acknowledgements

During the course of this rate study, several City of Friendswood Mayor and Council and employees expended considerable time and effort in assisting the project team. These employees included Katina Hampton, Rhonda Boskas, Morad Kabiri, Jil Arias, Steve Vavrecka, and Andree Calhoun. The project team owes a debt of gratitude to the hard work, dedication, and professionalism of these and other staff members, without whom this project would not have been successfully completed.

The project team has relied upon the extensive data supplied by the City of Friendswood. Thus, the integrity of the study is largely dependent upon the accuracy of this financial and customer data. Every effort has been made by the project team to validate and confirm the information contained herein prior to the preparation of the final study documents. **This report presents no assurance or guarantee that the forecast contained herein will be consistent with actual results or performances.** These represent forecasts based on a series of assumptions about future behavior and are not guarantees. Any changes in assumptions or actual events may result in significant revisions to the forecast and its conclusions. The cash flow projections and debt service coverage calculations are not intended to present overall financial positions, results of operations, and/or cash flows for the periods indicated, which is in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants.

Executive Summary

Background



In October 2023, the City of Friendswood, Texas (the “City”) engaged **Willdan Financial Services** to conduct a water and wastewater rate study and long-term financial plan. The City was interested in developing an updated comprehensive water and wastewater rate plan for Test Year (“TY”) 2024 and beyond. The objective of this study is to develop a long-term rate plan that will enable the City to recover sufficient funds to meet operating expenses, capital outlays, debt service, and coverage requirements, while at the same time to the best extent possible minimizing the impact of any adjustments on ratepayers.

The City identified numerous objectives for this study, including but not limited to the following:

- A comprehensive analysis and evaluation of the water and wastewater systems’ current cost of service and revenue requirements.
- A forecast of operating expenses over the next decade, taking into consideration such factors as inflation, system growth, and increases in staffing levels.
- A thorough review of the water and wastewater systems’ known capital improvement needs, as well as a determination of the need for funding capital requirements through the issuance of long-term debt for the existing identified capital improvements.
- An estimate of current and forecast accounts, volumes, and billing units for the ten-year forecast period.
- A detailed analysis and comparison of the City’s current and proposed rates to rates in other surrounding communities.

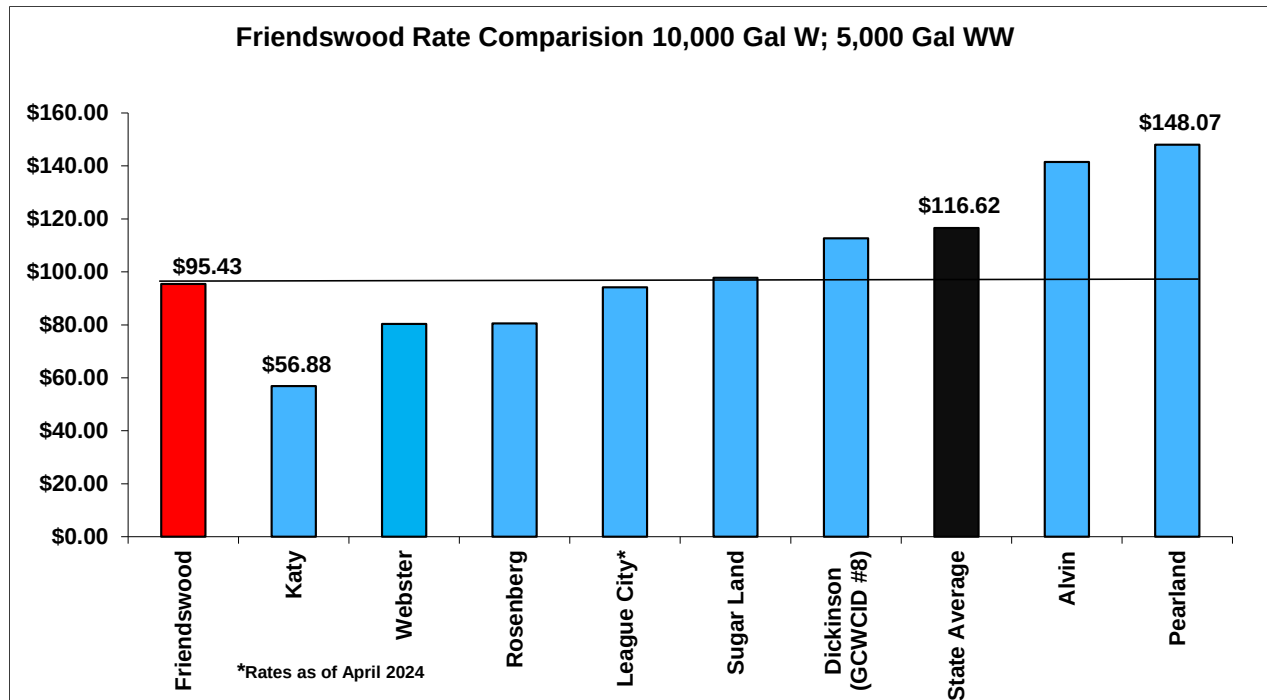
Water and Wastewater Rate Comparison

Table ES-1 and Chart ES-1A compare the City’s monthly water and wastewater charges to surrounding cities in Texas. Volumes of 10,000 gallons for water and 5,000 gallons for wastewater were used for the residential comparison as it represents typical usage levels for an average household. The rate data is based on published rates and ordinances posted by each municipality on their website and the 2023 TML water and wastewater rate survey. These rates do not include sales tax, activation, or other charges beyond the basic minimum and volume charges.

TABLE ES-1

CITY OF FRIENDSWOOD			
MONTHLY RESIDENTIAL CHARGES 10kGal WATER; 5kGal WASTEWATER			
	Water	Wastewater	Total
Friendswood	\$46.02	\$ 49.41	\$ 95.43
League City*	\$60.42	\$ 33.77	94.19
Dickinson (GCWCID #8)	\$78.43	\$ 34.25	112.68
Webster	\$45.88	\$ 34.44	80.32
Pearland	\$81.58	\$ 66.49	148.07
Alvin	\$85.00	\$ 56.50	141.50
Sugar Land	\$64.36	\$ 33.39	97.75
Rosenberg	\$56.28	\$ 24.30	80.58
Katy	\$42.41	\$ 14.47	56.88
Sample Average	\$62.26	\$ 38.56	\$ 50.41
State Average	\$70.96	\$ 45.66	\$ 116.62
* As of April 1, 2024			
Source: Cities' Website & TML 2023 Survey			

CHART ES-1A



Water and Wastewater Customers and Meters – Test Year & Forecast

The majority of the water and wastewater accounts served by Friendswood are residential accounts, with the balance being commercial, sprinkler, and their respective outside groups as well. **Table ES-2** present total water and wastewater accounts for the City for the current period and forecast period.

TABLE ES-2

CITY OF FRIENDSWOOD							
HISTORICAL & FORECAST TOTAL CUSTOMERS							
WATER Customer Classes							
Fiscal Year	Res Inside	Res Outside	Comm Inside	Comm Outside	Sprinkler Inside	Sprinkler Outside	Total
WATER Total Customers							
2021	12,878	6	635	33	656	1	14,209
2022	12,922	6	635	33	660	1	14,258
2023	12,991	6	630	34	663	2	14,326
YE Dec 2023	13,009	6	633	34	662	2	14,346
2024	13,069	6	645	34	656	2	14,412
2025	13,174	6	654	34	656	2	14,526
2026	13,279	6	664	34	656	2	14,641
2027	13,385	6	674	34	656	2	14,757
2028	13,490	6	684	34	656	2	14,872
2029	13,587	6	693	34	656	2	14,978
2030	13,680	6	702	34	656	2	15,080
2031	13,767	6	710	34	656	2	15,176
2032	13,855	6	719	34	656	2	15,272
2033	13,944	6	727	34	656	2	15,369
Fiscal Year	Res In	Res Out	Comm Inside	Comm Out	Other 5	Other 6	Total
WASTEWATER Total Customers							
2021	12,304	4	498	21	-	-	12,827
2022	12,839	4	522	22	-	-	13,387
2023	12,896	4	526	23	-	-	13,449
YE Dec 2023	12,912	4	528	23	-	-	13,467
2024	12,986	4	538	23	-	-	13,551
2025	13,090	4	548	23	-	-	13,665
2026	13,195	4	558	23	-	-	13,780
2027	13,302	4	568	23	-	-	13,896
2028	13,407	4	578	23	-	-	14,011
2029	13,504	4	587	23	-	-	14,118
2030	13,596	4	596	23	-	-	14,219
2031	13,684	4	604	23	-	-	14,315
2032	13,772	4	613	23	-	-	14,411
2033	13,860	4	621	23	-	-	14,509

Net Revenue Requirement

Table ES-3 presents the test year and ten-year forecast for the City's net revenue requirement to be raised from rates for the water and wastewater utility for the test year 2024 and forecast period. The water and wastewater net revenue requirement is expected to increase from **\$18,531,540** in TY 2024 to **\$29,318,036** in FY 2033.

Aside from debt payments, the largest single expense for the water utility is water purchases from the City of Houston (COH). The largest single expense for the wastewater utility is the wastewater conveyance and treatment by Gulf Coast Authority.

TABLE ES-3

CITY OF FRIENDSWOOD									
CURRENT AND FORECAST NET REVENUE REQUIREMENT									
	Operating & Capital Expenses	COH Costs	Gulf Coast Costs	Capital Outlays	Debt Service	Transfers & Contingencies	Total Cost of Service	Less Non-Rate Revenues	Net Revenue Requirement
WATER Revenue Requirement									
2024	\$3,149,469	\$2,653,885	\$ -	\$ 84,939	\$ 4,163,100	\$ 1,266,583	\$ 11,317,976	\$ 675,936	\$ 10,642,040
2025	3,247,745	2,769,998	-	87,487	4,523,255	1,304,580	11,933,066	675,936	11,257,130
2026	3,349,245	2,892,949	-	90,112	5,557,594	1,343,717	13,233,617	675,936	12,557,681
2027	3,454,085	3,023,141	-	92,815	5,990,762	1,384,029	13,944,833	675,936	13,268,897
2028	3,562,390	3,160,596	-	95,600	6,255,251	1,425,550	14,499,386	675,936	13,823,450
2029	3,674,285	3,304,394	-	98,468	6,985,335	1,468,316	15,530,799	675,936	14,854,863
2030	3,789,906	3,455,391	-	101,422	7,299,112	1,512,366	16,158,196	675,936	15,482,260
2031	3,909,390	3,613,869	-	104,465	5,512,207	1,557,737	14,697,668	675,936	14,021,732
2032	4,032,885	3,781,401	-	107,599	5,513,817	1,604,469	15,040,171	675,936	14,364,235
2033	4,160,542	3,958,508	-	110,827	5,513,094	1,652,603	15,395,574	675,936	14,719,638
WASTEWATER Revenue Requirement									
2024	2,615,870	-	2,998,739	86,845	1,155,175	1,266,583	8,123,212	233,712	7,889,500
2025	2,695,810	-	3,148,676	89,450	2,137,360	1,304,580	9,375,877	233,712	9,142,165
2026	2,778,237	-	3,306,110	92,134	3,504,365	1,343,717	11,024,563	233,712	10,790,851
2027	2,863,229	-	3,471,416	94,898	4,226,799	1,384,029	12,040,371	233,712	11,806,659
2028	2,950,871	-	3,644,987	97,744	4,521,519	1,425,550	12,640,671	233,712	12,406,959
2029	3,041,247	-	3,827,236	100,677	4,617,824	1,468,316	13,055,300	233,712	12,821,588
2030	3,134,448	-	4,018,598	103,697	4,878,254	1,512,366	13,647,362	233,712	13,413,650
2031	3,230,563	-	4,219,528	106,808	4,984,526	1,557,737	14,099,162	233,712	13,865,450
2032	3,329,690	-	4,430,504	110,012	4,982,616	1,604,469	14,457,291	233,712	14,223,579
2033	3,431,926	-	4,652,029	113,313	4,982,239	1,652,603	14,832,110	233,712	14,598,398
TOTAL Revenue Requirement									
2024	5,765,339	2,653,885	2,998,739	171,784	5,318,275	2,533,165	19,441,188	909,648	18,531,540
2025	5,943,555	2,769,998	3,148,676	176,938	6,660,615	2,609,160	21,308,943	909,648	20,399,295
2026	6,127,481	2,892,949	3,306,110	182,246	9,061,959	2,687,435	24,258,180	909,648	23,348,532
2027	6,317,315	3,023,141	3,471,416	187,713	10,217,561	2,768,058	25,985,204	909,648	25,075,556
2028	6,513,261	3,160,596	3,644,987	193,344	10,776,770	2,851,100	27,140,057	909,648	26,230,409
2029	6,715,533	3,304,394	3,827,236	199,145	11,603,159	2,936,633	28,586,099	909,648	27,676,451
2030	6,924,353	3,455,391	4,018,598	205,119	12,177,366	3,024,731	29,805,558	909,648	28,895,910
2031	7,139,954	3,613,869	4,219,528	211,273	10,496,733	3,115,473	28,796,829	909,648	27,887,181
2032	7,362,575	3,781,401	4,430,504	217,611	10,496,433	3,208,938	29,497,462	909,648	28,587,814
2033	7,592,468	3,958,508	4,652,029	224,139	10,495,333	3,305,206	30,227,684	909,648	29,318,036

Table ES-4 presents the assumptions for the bond issues to help fund Friendswood's CIP projects. The table reveals that revenue bond issues totaling \$105,350,000 for the currently identified water and wastewater system capital improvements.

Table ES-4

CITY OF FRIENDSWOOD FORECAST Bond Issues			
	Total	Water	Wastewater
2024	20,500,000	5,500,000	15,000,000
2025	36,000,000	15,000,000	21,000,000
2026	19,000,000	8,000,000	11,000,000
2027	8,500,000	4,000,000	4,500,000
2028	11,000,000	9,500,000	1,500,000
2029	8,750,000	4,750,000	4,000,000
2030	1,600,000	-	1,600,000
Total	\$105,350,000	\$46,750,000	\$58,600,000

It should be noted that if the City materially revises its CIP, the rate plan may be subject to potentially significant revision.

Water and Wastewater Rate Design

The water and wastewater rates developed in this study are designed to recover the test year and forecast revenue requirement while providing funding for the current identified capital, transfers, and debt service. The following is notable regarding this rate proposal:

- While the rate model presents a forecast of rates for ten years, **the project team recommends that the City adopt a 3-year rate plan**, with rates to be automatically implemented annually on January 1, 2025 to January 1, 2027.
- Because of the potential for unexpected events, the project team recommends that the City not commit itself to a rate plan beyond three years. Further, the project team recommends that the City periodically review these rates during the next three years, to incorporate any changes to costs, volumes, or growth assumptions that may occur during that time.
- The most significant impact on rates will be debt issued to fund the CIP. The impact on rates will be debt issued to fund the CIP debt service that will be fully funded through rates.
- The second largest impact on rates will be the COH & Gulf Coast water and wastewater cost increases.

Significant changes to the debt service and COH & Gulf Coast forecast costs may require adjustments to the recommended rate plan.

Table ES-5 presents a summary of the water rate plan proposed for both inside and outside City Residential customers. **Table ES-6** presents a summary of the water rate plan proposed for non-residential customers and **Table ES-7** is the proposed rate plan for wastewater customers. **Table ES-8** presents the customer rate impact assuming the rate plan structure is adopted by City Council.

TABLE ES-5

CITY OF FRIENDSWOOD					
PROPOSED WATER AND WASTEWATER RATE PLAN					
		Current	Forecast	Forecast	Forecast
			Jan-25	Jan-26	Jan-27
WATER					
Water Rates Residential Inside					
Monthly Minimum Charge (3,000 Gallons Included)					
3/4"	\$	23.55	\$ 25.20	\$ 26.95	\$ 28.85
1"		23.55	25.20	26.95	28.85
1 1/2"		92.09	98.55	105.45	112.85
2"		147.43	157.75	168.80	180.60
3"		265.20	283.75	303.60	324.85
4"		433.43	463.75	496.20	530.95
6"		854.02	913.80	977.75	1,046.20
8"		1,358.72	1,453.85	1,555.60	1,664.50
Volume Rate Per 1,000 Gal					
1	3,000	-	-	-	-
3,001	10,000	3.21	3.45	3.70	3.95
10,001	25,000	4.01	4.30	4.60	4.90
25,001	Above	6.02	6.45	6.90	7.40
Water Rates -- Residential Outside					
Monthly Minimum Charge (3,000 Gallons Included)					
3/4"	\$	35.33	\$ 37.80	\$ 40.45	\$ 43.30
1"		35.33	37.80	40.45	43.30
1 1/2"		138.14	147.85	158.20	169.30
2"		221.15	236.65	253.20	270.90
3"		397.80	425.65	455.40	487.30
4"		650.15	695.65	744.30	796.45
6"		1,281.03	1,370.70	1,466.65	1,569.30
8"		2,038.08	2,180.80	2,333.40	2,496.75
Volume Rate Per 1,000 Gal					
1	3,000	-	-	-	-
3,001	10,000	4.82	5.20	5.55	5.95
10,001	25,000	6.02	6.45	6.90	7.35
25,001	Above	9.03	9.70	10.35	11.10

TABLE ES-6

CITY OF FRIENDSWOOD PROPOSED WATER AND WASTEWATER RATE PLAN					
		Current	Forecast	Forecast	Forecast
			Jan-25	Jan-26	Jan-27
WATER					
Water Rates - Commercial Inside					
<u>Monthly Minimum Charge</u>					
3/4"	\$	23.55	25.20	\$ 26.95	\$ 28.85
1"		23.55	25.20	26.95	28.85
1 1/2"		92.09	98.55	105.45	112.85
2"		147.43	157.75	168.80	180.60
3"		265.20	283.75	303.60	324.85
4"		433.43	463.75	496.20	530.95
6"		854.02	913.80	977.75	1,046.20
8"		1,358.72	1,453.85	1,555.60	1,664.50
<u>Volume Rate Per 1,000 Gal</u>					
1	Above	4.90	5.25	5.60	6.00
Water Rates - Commercial Outside					
<u>Monthly Minimum Charge</u>					
3/4"	\$	35.33	37.80	\$ 40.45	\$ 43.30
1"		35.33	37.80	40.45	43.30
1 1/2"		138.14	147.85	158.20	169.30
2"		221.15	236.65	253.20	270.90
3"		397.80	425.65	455.40	487.30
4"		650.15	695.65	744.30	796.45
6"		1,281.03	1,370.70	1,466.65	1,569.30
8"		2,038.08	2,180.80	2,333.40	2,496.75
<u>Volume Rate Per 1,000 Gal</u>					
1	Above	7.35	7.90	8.40	9.00
Water Rates - Sprinkler Inside					
<u>Monthly Minimum Charge (3,000 Gallons Included)</u>					
3/4"	\$	23.55	25.20	\$ 26.95	\$ 28.85
1"		23.55	25.20	26.95	28.85
1 1/2"		92.09	98.55	105.45	112.85
2"		147.43	157.75	168.80	180.60
3"		265.20	283.75	303.60	324.85
4"		433.43	463.75	496.20	530.95
6"		854.02	913.80	977.75	1,046.20
8"		1,358.72	1,453.85	1,555.60	1,664.50
<u>Volume Rate Per 1,000 Gal</u>					
3,001	10,000	4.00	4.30	4.60	4.90
10,001	25,000	4.25	4.55	4.85	5.20
25,001	Above	6.02	6.45	6.90	7.40
Water Rates - Sprinkler Outside					
<u>Monthly Minimum Charge (3,000 Gallons Included)</u>					
3/4"	\$	35.33	37.80	\$ 40.45	\$ 43.30
1"		35.33	37.80	40.45	43.30
1 1/2"		138.14	147.80	158.15	169.20
2"		221.15	236.65	253.20	270.90
3"		397.80	425.65	455.45	487.35
4"		650.15	695.65	744.35	796.45
6"		1,281.03	1,370.70	1,466.65	1,569.30
8"		2,038.08	2,180.75	2,333.40	2,496.75
<u>Volume Rate Per 1,000 Gal</u>					
3,001	10,000	6.00	6.40	6.85	7.35
10,001	25,000	6.38	6.85	7.35	7.85
25,001	Above	9.03	9.65	10.35	11.05

TABLE ES-7

CITY OF FRIENDSWOOD PROPOSED WATER AND WASTEWATER RATE PLAN					
	Current	Forecast	Forecast	Forecast	
		Jan-25	Jan-26	Jan-27	
Wastewater					
Wastewater Rates - Residential Inside*					
Monthly Minimum Charge	\$ 27.96	\$ 29.90	\$ 32.00	\$ 33.30	
Volume Rate/1,000 Gal	4.29	4.60	4.90	5.10	
Wastewater Rates - Residential Outside					
Monthly Minimum Charge	\$ 41.94	\$ 44.85	\$ 48.00	\$ 49.95	
Volume Rate/1,000 Gal	6.44	6.90	7.35	7.65	
Wastewater Rates - Commercial Inside					
Monthly Minimum Charge	\$ 27.96	\$ 29.90	\$ 32.00	\$ 33.30	
Volume Rate/1,000 Gal	4.29	4.60	4.90	5.10	
Wastewater Rates - Commercial Outside					
Monthly Minimum Charge	\$ 41.94	\$ 44.85	\$ 48.00	\$ 49.95	
Volume Rate/1,000 Gal	6.44	6.90	7.35	7.65	
*Winter Months Averaging Apply to Residential Volumes					

TABLE ES-8

CITY OF FRIENDSWOOD IMPACT OF RATE PLAN ON BI-MONTHLY CHARGES					
Scenario: 2024 01 22 -- Status Quo					
		Current	Forecast	Forecast	Forecast
			Jan-25	Jan-26	Jan-27
Residential Monthly Charges -- 3/4"					
10,000 Water	5,000 WW	\$ 95.43	\$ 102.25	\$ 109.35	\$ 115.30
	Increase -- \$		6.82	7.10	5.95
	Increase -- %		7.1%	6.9%	5.4%
20,000 Water	5,000 WW	135.53	145.25	155.35	164.30
	Increase -- \$		9.72	10.10	8.95
	Increase -- %		7.2%	7.0%	5.8%
30,000 Water	5,000 WW	185.68	199.00	212.85	225.80
	Increase -- \$		13.32	13.85	12.95
	Increase -- %		7.2%	7.0%	6.1%
Commercial Monthly Charges -- 2"					
40,000 Water	40,000 WW	\$ 542.99	\$ 581.65	\$ 620.80	\$ 657.90
	Increase -- \$		38.66	39.15	37.10
	Increase -- %		7.1%	6.7%	6.0%

SECTION I

Introduction and Demographic Profile

Background



In October 2023, the City of Friendswood, Texas (the “City”) engaged **Willdan Financial Services** to conduct a water and wastewater rate study and long-term financial plan. The City was interested in developing an updated comprehensive water and wastewater rate plan for Test Year (“TY”) 2024 (Fiscal Year October 2023 – September 2024) and beyond. The objective of this study is to develop a long-term rate plan that will enable the City to recover sufficient funds to meet operating expenses, capital outlays, debt service, and coverage requirements, while at the same time to the best extent possible minimizing the impact of any adjustments on ratepayers.

The City identified numerous objectives for this study, including but not limited to the following:

- A comprehensive analysis and evaluation of the water and wastewater systems’ current cost of service and revenue requirements.
- A forecast of operating expenses over the next decade, taking into consideration such factors as inflation, system growth, and increases in staffing levels.
- A thorough review of the water and wastewater systems’ known capital improvement needs, as well as a determination of the need for funding capital requirements through the issuance of long-term debt for the existing identified capital improvements.
- An estimate of current and forecast accounts, volumes, and billing units for the ten-year forecast period.
- A detailed analysis and comparison of the City’s current and proposed rates to rates in other surrounding communities.

Report Organization

This report is organized into the following sections:

Section I – Introduction and Demographic Profile - outlines the background, objectives, and scope of this rate study and long-term financial plan. It also presents the City’s current rate structure and a community profile of the City of Friendswood. This includes a comparison of the City’s water and wastewater charges with other local cities.

Section II – Water and Wastewater Test Year and Forecast Volumes – analyzes the City’s customer base, total accounts, and current volumes of treated water and wastewater. This section presents totals for the current year and a forecast ten years into the future.

Section III – Water and Wastewater Test Year and Forecast Revenue Requirement – outlines the process of analyzing the City’s current water and wastewater utility cost structure. The total current or “test year”

revenue requirements are developed, and costs are functionalized between treatment, distribution/collection, administration, and customer billing. Using the test year as a basis, costs are forecast for a ten-year period.

Section IV – Water and Wastewater Rate Design – presents rate recommendations for the City of Friendswood City Council and Staff to consider which would enable it to meet its revenue requirements over the next decade. This section also presents an analysis of the impact of the proposed plan.

Appendix A – presents a hard copy printout of the interactive Microsoft Excel spreadsheet model summary developed for the City of Friendswood to calculate water and wastewater current and future revenue requirements. The model automatically generates all calculations based on a set of defined user inputs and *has an executive dashboard for users to develop real-time “what-if” scenarios.*

Community Overview



The City of Friendswood, Texas is located approximately 23 miles south of Houston Texas. The City is approximately 21.2¹ square miles and has an estimated population of 41,118². The City is located in Galveston and Harris Counties.

The City of Friendswood has a Council-Manager form of government in which the elected Mayor and City Council Members establish policy. Those policies are then implemented by the City Manager who is appointed by, and reports to, the City Council. The Friendswood City Council consists of six Council Members and a Mayor.

The City Manager operates in much the same way as a Chief Executive Officer of a corporation. The City Manager's Office is responsible for the day-to-day administration of Friendswood's City government, including managing the City's budget, the City's departments and operations, and programs for communicating with residents and employees.

¹ Friendswood.TX.US - <https://www.ci.friendswood.tx.us/399/Demographics>

² Friendswood.TX.US - <https://www.ci.friendswood.tx.us/399/Demographics>

Water and Wastewater Current Rates

Table I-1 summarizes the City of Friendswood current water and wastewater rate structure.

TABLE I-1

CITY OF FRIENDSWOOD					
CURRENT WATER AND WASTEWATER RATES					
Water Rates			Wastewater Rates		
Inside Monthly/Volume			Inside Residential* & Commercial Rates		
Minimum Charge by Meter Size	3/4"	\$	23.55	Monthly Minimum Charge	\$ 27.96
	1"		23.55	Volume Rate (per 1,000 Gallons)	4.29
	1 1/2"		92.09	*Winter Months Averaging Apply to Residential Volumes	
	2"		147.43		
	3"		265.20		
	4"		433.43	Outside Residential & Commercial Rates	
	6"		854.02		
	8"		1,358.72		
Residential (3kGal in Base)	3,001	10,000	\$	3.21	Note: Outside City Water & Wastewater Customer rate 1.5x Inside Customer Rates
	10,001	25,000		4.01	
	25,001	Above		6.02	
Commercial	1	Above	\$	4.90	
Sprinkler (3kGal in Base)	3,001	10,000	\$	4.00	
	10,001	25,000		4.25	
	25,001	Above		6.02	
Outside Monthly/Volume					
Minimum Charge by Meter Size	3/4"	\$	35.33		
	1"		35.33		
	1 1/2"		138.14		
	2"		221.15		
	3"		397.80		
	4"		650.15		
	6"		1,281.03		
	8"		2,038.08		
Residential (3kGal in Base)	3,001	10,000	\$	4.82	
	10,001	25,000		6.02	
	25,001	Above		9.03	
Commercial	1	Above	\$	7.35	
Sprinkler (3kGal in Base)	3,001	10,000	\$	6.00	
	10,001	25,000		6.38	
	25,001	25,000		9.03	

The table reveals that all water minimum charges are based on meter size and that all classes except both commercials have tiered volume rates. For current wastewater rates, inside residential and commercial rates are the same just as outside residential and commercials rates are as well. All wastewater base and volume rates are uniform.

Water and Wastewater Rate Comparison

Chart I-2 and Table I-3 compare the City's monthly water and wastewater charges to surrounding cities in Texas. Volumes of 10,000 gallons for water and 5,000 gallons for wastewater were used for the residential

comparison as it represents typical usage levels for an average household. The rate data is based on published rates and ordinances posted by each municipality on their website and the 2023 TML water and wastewater rate survey. These rates do not include sales tax, activation, or other charges beyond the basic minimum and volume charges.

The following points are also notable:

- Many cities do not assess rates that recover the full cost of service, choosing instead to subsidize their water and wastewater utilities with other revenues or to defer needed repairs and maintenance at the expense of system reliability and integrity.
- Some cities use tax bonds to fund water/wastewater system construction. This results in lower rates but higher ad valorem taxes.

CHART I-2

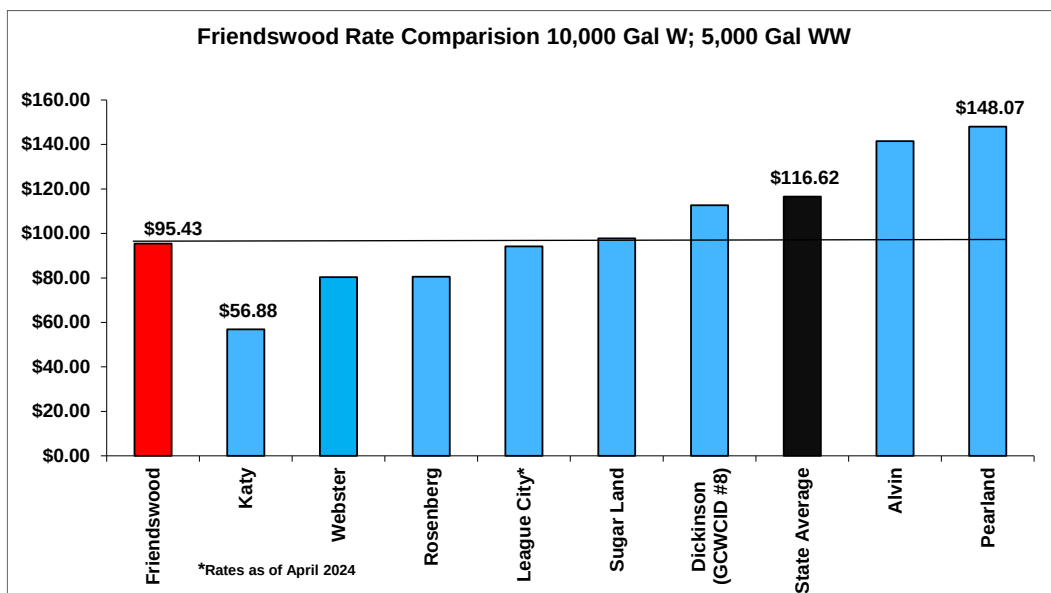


TABLE I-3

CITY OF FRIENDSWOOD			
MONTHLY RESIDENTIAL CHARGES			
10kGal WATER; 5kGal WASTEWATER			
	Water	Wastewater	Total
Friendswood	\$46.02	\$ 49.41	\$ 95.43
League City*	\$60.42	\$ 33.77	94.19
Dickinson (GCWCID #8)	\$78.43	\$ 34.25	112.68
Webster	\$45.88	\$ 34.44	80.32
Pearland	\$81.58	\$ 66.49	148.07
Alvin	\$85.00	\$ 56.50	141.50
Sugar Land	\$64.36	\$ 33.39	97.75
Rosenberg	\$56.28	\$ 24.30	80.58
Katy	\$42.41	\$ 14.47	56.88
Sample Average	\$62.26	\$ 38.56	\$ 50.41
State Average	\$70.96	\$ 45.66	\$116.62
* As of April 1, 2024			
Source: Cities' Website & TML 2023 Survey			

SECTION II

Water & Wastewater Test Year and Forecast Volumes



In order to accurately forecast future revenues and expenses, it is necessary to examine current water and wastewater utility conditions. The first step in developing cost of service rates is to analyze patterns of usage, both for the system as a whole, and for specified customer classes.

For the City of Friendswood, monthly water and wastewater records were reviewed for the period October 2020 through December 2023. These records provided summary information on the monthly water volumes distributed system wide as well as the number of accounts for each period by

defined customer class and the associated revenues. Additionally, these records provided the number of accounts and revenues monthly for all classifications of wastewater customers.

According to standard utility ratemaking methodology, in order to allocate revenue requirements equitably among system users, customers must be classified into relatively homogeneous groups with similar usage characteristics or service demands. Costs are then allocated to the customer classes in proportion to the usage characteristics of each class. For the water system, costs are typically allocated to customers based on their average and peak water demands. For the wastewater system, costs are allocated to customers based on their estimated wastewater flows, and in some cases, based on wastewater strengths.

The project team finds these customer class distinctions to be reasonable and appropriate, meeting the criteria of homogenous groups with similar usage patterns.

In this section, the City's functional customer classes and test year usage patterns will be thoroughly analyzed. A ten-year projection of customers and usage will also be presented. These forecasts, along with the revenue requirements, will form the basis of the proposed rate designs.

Water and Wastewater Customers and Meters – Test Year & Ten-Year Forecast

The majority of the water accounts served by Friendswood are residential accounts, with the balance being commercial, sprinkler, and their respective outside groups as well. **Table II-1** and **Chart II-2** present total water accounts for the City for the current period and forecast period.

For each of the historical years, the average number of accounts for the year is shown and the growth reflects the difference from one fiscal year end to the next. Overall water accounts are forecast to increase from **14,412** in TY 2024 to **15,369** in FY 2033, an average annual increase of .64%.

TABLE II-1

CITY OF FRIENDSWOOD							
FORECAST TOTAL CUSTOMERS							
WATER Customer Classes							
	Res Inside	Res Outside	Comm Inside	Comm Outside	Sprinkler Inside	Sprinkler Outside	Total
WATER Total Customers							
2021	12,878	6	635	33	656	1	14,209
2022	12,922	6	635	33	660	2	14,258
2023	12,991	6	630	34	663	2	14,326
YE Dec 2023	13,009	6	633	34	662	2	14,346
2024	13,069	6	645	34	656	2	14,412
2025	13,174	6	654	34	656	2	14,526
2026	13,279	6	664	34	656	2	14,641
2027	13,385	6	674	34	656	2	14,757
2028	13,490	6	684	34	656	2	14,872
2029	13,587	6	693	34	656	2	14,978
2030	13,680	6	702	34	656	2	15,080
2031	13,767	6	710	34	656	2	15,176
2032	13,855	6	719	34	656	2	15,272
2033	13,944	6	727	34	656	2	15,369
WATER Annual New Customers							
YE Dec 2023	18	-	3	0	(2)	-	20
2024	78	-	15	0	(7)	-	85
2025	105	-	10	-	-	-	114
2026	105	-	10	-	-	-	115
2027	106	-	10	-	-	-	116
2028	105	-	10	-	-	-	115
2029	97	-	9	-	-	-	106
2030	92	-	9	-	-	-	101
2031	88	-	8	-	-	-	96
2032	88	-	9	-	-	-	97
2033	89	-	9	-	-	-	97

CHART II-2

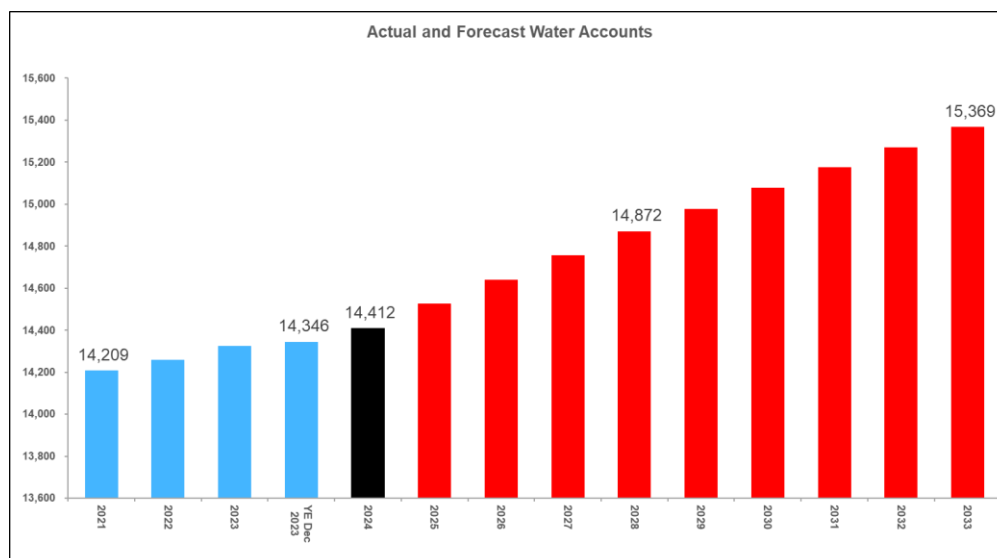
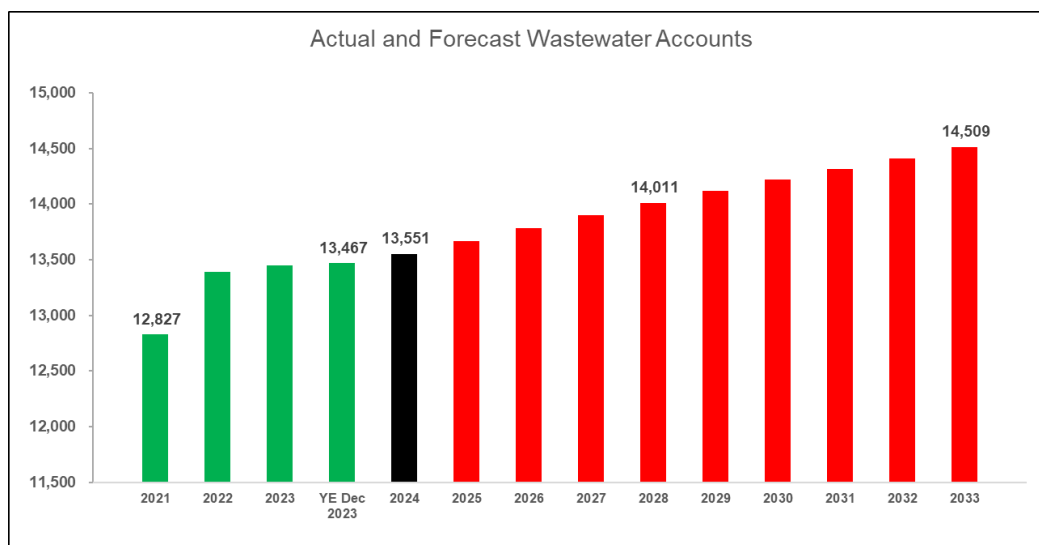


Table II-3 and **Chart II-4** present the project team's ten-year forecast of wastewater account growth. Wastewater accounts are forecast to increase from **13,551** in the test year to **14,509** in FY 2033.

TABLE II-3

FORECAST TOTAL CUSTOMERS					
WASTEWATER Customer Classes					
	Res In	Res Out	Comm Inside	Comm Out	Total
WASTEWATER Total Customers					
2021	12,304	4	498	21	12,827
2022	12,839	4	522	22	13,387
2023	12,896	4	526	23	13,449
YE Dec 2023	12,912	4	528	23	13,467
2024	12,986	4	538	23	13,551
2025	13,090	4	548	23	13,665
2026	13,195	4	558	23	13,780
2027	13,302	4	568	23	13,896
2028	13,407	4	578	23	14,011
2029	13,504	4	587	23	14,118
2030	13,596	4	596	23	14,219
2031	13,684	4	604	23	14,315
2032	13,772	4	613	23	14,411
2033	13,860	4	621	23	14,509
WASTEWATER Annual New Customers					
YE Dec 2023	16	-	2	0	18
2024	73	-	10	0	84
2025	105	-	10	-	114
2026	105	-	10	-	115
2027	106	-	10	-	116
2028	105	-	10	-	115
2029	97	-	9	-	106
2030	92	-	9	-	101
2031	88	-	8	-	96
2032	88	-	9	-	97
2033	89	-	9	-	97

CHART II-4



Historical and Forecast Water Consumption

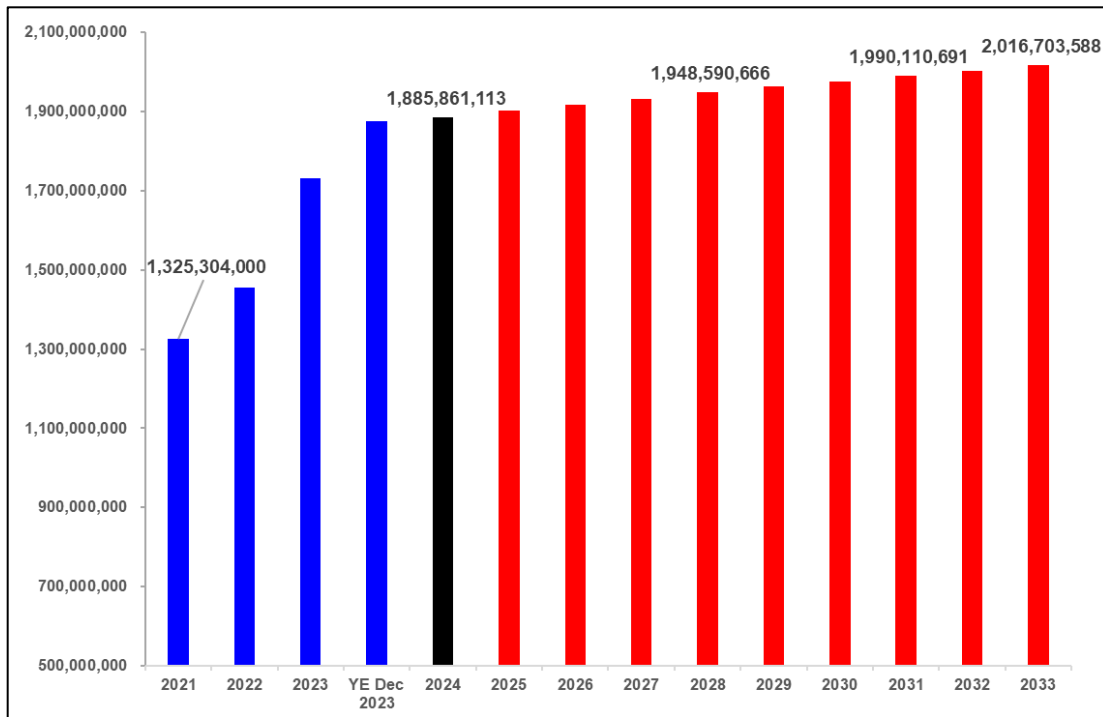
Total water system consumption data was analyzed over the same time period as customer data. A combination of consumption over the past 12 months and historical trends was used as the basis for the development of the forecast water and wastewater usage within the rate model.

The project team prepared a ten-year forecast of water usage based on the same principles on which customer accounts were projected. The results of this forecast for water usage are presented in **Table II-5** and **Chart II-6**. By FY 2033 water usage is expected to reach **2,016,703,588** gallons.

TABLE II-5

CITY OF FRIENDSWOOD						
FORECAST BILLED CONSUMPTION						
WATER Customer Classes						
	Res Inside	Res Outside	Comm Inside	Comm Outside	Sprinkler Inside	Total
WATER Historical Volume						
2021	1,020,539,000	498,500	202,181,000	2,962,500	98,987,000	1,325,304,000
2022	1,117,420,000	857,000	214,625,500	4,181,500	118,224,500	1,455,308,500
2023	1,337,202,500	996,000	247,746,500	4,890,500	141,450,500	1,732,286,000
YE Dec 2023	1,438,796,500	984,500	260,663,000	5,144,000	168,899,500	1,874,487,500
WATER Forecast Volume						
2024	1,447,101,082	984,500	263,732,031	5,144,000	168,899,500	1,885,861,113
2025	1,458,677,891	984,500	267,688,011	5,144,000	168,899,500	1,901,393,902
2026	1,470,347,314	984,500	271,703,331	5,144,000	168,899,500	1,917,078,645
2027	1,482,110,092	984,500	275,778,881	5,144,000	168,899,500	1,932,916,973
2028	1,493,729,835	984,500	279,832,831	5,144,000	168,899,500	1,948,590,666
2029	1,504,484,690	984,500	283,610,574	5,144,000	168,899,500	1,963,123,264
2030	1,514,715,186	984,500	287,226,609	5,144,000	168,899,500	1,976,969,795
2031	1,524,409,363	984,500	290,673,328	5,144,000	168,899,500	1,990,110,691
2032	1,534,165,583	984,500	294,161,408	5,144,000	168,899,500	2,003,354,991
2033	1,543,984,243	984,500	297,691,345	5,144,000	168,899,500	2,016,703,588

CHART II-6



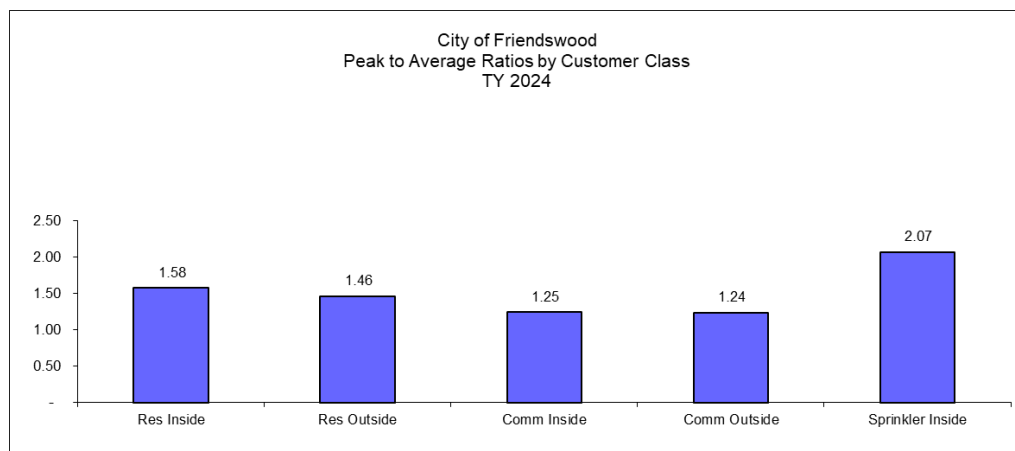
Peaking Factors

The cost of providing water to customers depends not only on the amount of water each class uses, but also on how that usage occurs over time. The maximum-day and maximum-hour peaking requirements of a water utility's customers are an important influence on the utility's costs. Because water utilities attempt to meet all of the demands of their customers, water systems are sized to meet customers' peak requirements. Therefore, during off-peak periods, there are usually significant costs associated with the unused capacity of the system. These costs must be allocated to customers in proportion to the contribution of each customer class to the system peak, in order to develop equitable cost-based rates. Thus, it is necessary to determine the peak rate of use relative to the average rate of use for each class. This ratio is called a **Peaking Factor**.

The calculation of peaking factors for individual classes relies on available pumping and consumption information as well as professional judgment. If customer meters could record daily flow rates for each customer, more refined information could be obtained on peaking factors. This is not feasible because of the enormous cost that would be imposed on the utility. Therefore, it is accepted practice in the water industry to develop peaking factor estimates based on standard formulas using system peak day information and monthly customer class usage records. This is a conservative methodology, since customer class peaking factors based on peak months will inevitably be lower than the system-wide peaking factor, which is based on the peak day.

Based on AWWA guidelines, the customer class peaking factors calculated in this study are for non-coincidental peaks. The peaking factors developed for this analysis are based on the annualized water

consumption by customer class for TY 2024. The calculations of the peaking factors by class are presented graphically in **Chart II-7**.

CHART II-7

SECTION III

Water & Wastewater Forecast Revenue Requirement



In this section of the water and wastewater rate study and long-term financial plan, the City of Friendswood test year and forecast water and wastewater utility revenue requirements are developed. The test year consists of the City's fiscal year, October 1, 2023, through September 30, 2024. The estimates presented in this section are based on the City's proposed budget for TY 2024.

The calculation of a revenue requirement differs from a utility's budget in that it represents only that amount that must be raised through the City's user rates. This means that non-rate revenue (such as reconnection fees, late payment charges and interest) must be subtracted from the budgeted operating and capital expenditures to determine the net revenue requirement to be raised from rates.

As is typical for publicly owned utilities, the City of Friendswood's system revenue requirements were developed using the cash basis of ratemaking. Under the cash basis, as defined by the AWWA Manual M-1, system revenue requirements consist of cash expenditures and other financial commitments (such as debt service coverage or reserves) that must be met through system operating revenues and other revenue sources.

All data used in the development of the revenue requirements was obtained from the financial statements, budgets, and other information provided by the City. Detailed calculations are presented in the rate model contained in **Appendix A** of this report. For rate design purposes, revenue requirements are developed separately for the water and wastewater systems.

The assumptions utilized in this expense forecast will be thoroughly detailed in this section of the report. These assumptions are critical to the development of both the revenue requirement and the ultimate rate recommendation. The project team reviewed these assumptions with the City staff and considers all to be consistent with staff recommendations.

In this section, current and forecast Operating Costs, Capital Outlays, Transfers, and Debt Service will be examined first. Non-rate revenues will be subtracted from the total to yield the Net Revenue Requirement.

Operating Expenses, Debt Service, Transfers and Capital Outlays – Test Year

Table III-1 on the following page summarizes the test year 2024 water system operating expenses, debt service, transfers and capital outlays in detail by expense category item. **Table III-2** presents the test year 2024 operating expenses and capital outlays in detail by expense category item for the wastewater system.

The following is noteworthy about these tables:

There are nine (9) divisions within the City's Water Fund, each with their own budget: Utility Customer Service, Water Utilities, Sewer Utilities, Water Operations, Sewer Operations, GF Finance Utility Billing, HR Insurance, W&S Engineering, PW Administration

Each division's budget includes one or more of the following expense categories:

- **Personnel**, which includes all personnel costs, such as salary and benefit expenses, and payroll taxes.
- **Operation/Maintenance**, which captures the primary operating expenses associated with the day-to-day management and maintenance of the water and wastewater operations.
- **Purchased Water**, used for distribution
- **Blackhawk WWTP**, conveyance and treatment of wastewater.
- **Supplies**, which includes postage, office equipment and supplies, IT costs, chemicals, etc.
- **Capital Improvements** funded through the water and wastewater utility budgets.
- **Services**, these expenses include such items as utility (electricity, gas, etc.) expense, fuels, vehicles, maintenance supplies, and contractual services.
- **Transfers**, includes transfers to the General Fund and other funds from the Water Fund.

Tables III-1 and **III-2** also allocate total budget expenses between the water and wastewater functions based on function and general ratemaking principles. As the tables show, total operating expenses, transfers, capital outlays, and debt service in the test year are **\$19,441,188** of which \$11,317,976 is for the water utility and \$8,123,212 is for the wastewater utility.

TABLE III-1

CITY OF FRIENDSWOOD					
WATER Operating Expenses, Transfers, Debt Service, Capital Outlays					
	Net Budget	Treatment	Distribution	Admin	Customer Billing
<u>Operating & Maintenance</u>					
Personnel Svcs	\$ 1,748,248	\$ 29,973	\$ 1,065,078	\$ -	\$ 653,197
Supplies	202,857	1,687	128,326	-	72,845
Maintenance	407,764	515	208,548	-	198,700
Services	784,618	755	653,722	-	130,140
Other	5,983	-	5,983	-	-
Purchase Water	2,653,885	2,653,885	-	-	-
Total Operating & Maintena	5,803,354	2,686,816	2,061,656	-	1,054,882
Transfers	1,266,583	-	1,266,583	-	-
Capital Outlays	84,939	-	46,285	9,664	28,991
Debt Service	4,163,100	-	4,163,100	-	-
Total	\$ 11,317,976	\$ 2,686,816	\$ 7,537,624	\$ 9,664	\$ 1,083,873

TABLE III-2

CITY OF FRIENDSWOOD					
WASTEWATER Operating Expenses, Transfers, Debt Service, Capital Outlays					
	Net Budget	Treatment	Collection	Admin	Customer Billing
<u>Operating & Maintenance</u>					
Personnel Svcs	\$ 1,563,080	\$ 39,797	\$ 1,204,817	\$ 318	\$ 318,149
Supplies	103,443	1,586	86,907	14,950	-
Maintenance	286,756	485	68,932	217,340	-
Services	656,965	710	384,920	214,432	56,903
Other	5,625	-	5,625	-	-
Blackhawk WWTP - Sewer	2,998,739	2,998,739	-	-	-
Total Operating & Maintena	5,614,609	3,041,317	1,751,201	447,040	375,052
Transfers	1,266,583	-	1,266,583	-	-
Capital Outlays	86,845	-	50,499	9,086	27,259
Debt Service	1,155,175	-	1,155,175	-	-
Total	\$ 8,123,212	\$ 3,041,317	\$ 4,223,457	\$ 456,126	\$ 402,311

Cost of Service – Ten Year Forecast

Table III-3 presents the water and wastewater utility operating expense, transfers, debt service and capital outlay forecast for the ten-year period TY 2024 – FY 2033. Details behind these calculations can be found in the rate model contained in **Appendix A**. This forecast is based on the following set of assumptions:

- Most operating costs are expected to increase at approximately equivalent to the rate of inflation.

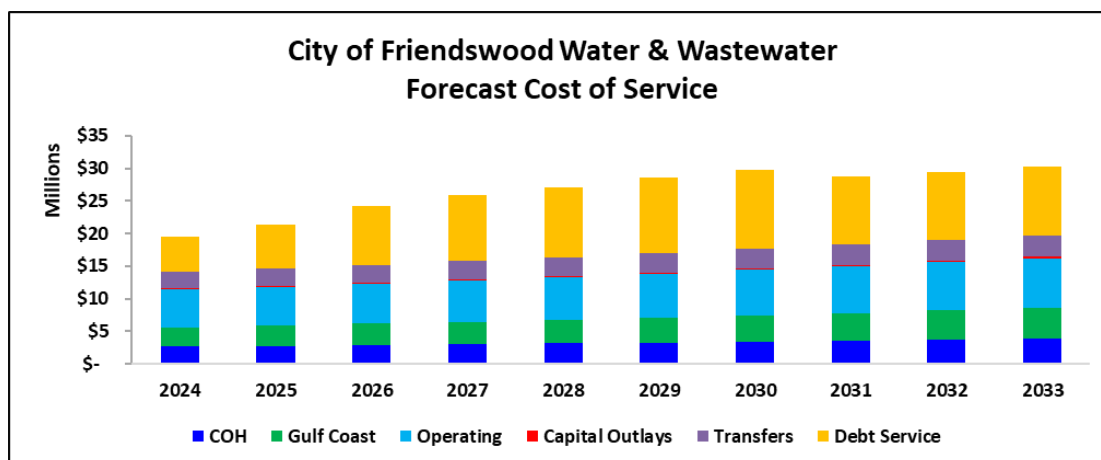
- Certain expenses will increase at above-inflation rates, to reflect the rapid rate of increase of these costs. These expenses include chemicals, workers compensation, and insurance.
- COH forecast is based on the most recent estimated increases provided by The City of Houston staff for water. It is expected for COH costs to increase at 4.5% annually.
- Gulf Cost is based on the most recent estimated increases provided by its staff for wastewater treatment.

TABLE III-3

CITY OF FRIENDSWOOD							
FORECAST OPERATING EXPENSES AND CAPITAL OUTLAYS							
	Operating Expenses	COH Payments	Gulf Coast Payments	Capital Outlays	Transfers & Contingencies	Debt Service	Total Cost of Service
WATER Revenue Requirement							
2024	\$ 3,149,469	\$ 2,653,885	\$ -	\$ 84,939	\$ 1,266,583	\$ 4,163,100	\$ 11,317,976
2025	3,247,745	2,769,998	-	87,487	1,304,580	4,523,255	11,933,066
2026	3,349,245	2,892,949	-	90,112	1,343,717	5,557,594	13,233,617
2027	3,454,085	3,023,141	-	92,815	1,384,029	5,990,762	13,944,833
2028	3,562,390	3,160,596	-	95,600	1,425,550	6,255,251	14,499,386
2029	3,674,285	3,304,394	-	98,468	1,468,316	6,985,335	15,530,799
2030	3,789,906	3,455,391	-	101,422	1,512,366	7,299,112	16,158,196
2031	3,909,390	3,613,869	-	104,465	1,557,737	5,512,207	14,697,668
2032	4,032,885	3,781,401	-	107,599	1,604,469	5,513,817	15,040,171
2033	4,160,542	3,958,508	-	110,827	1,652,603	5,513,094	15,395,574
WASTEWATER Revenue Requirement							
2024	\$ 2,615,870	\$ -	\$ 2,998,739	\$ 86,845	\$ 1,266,583	\$ 1,155,175	\$ 8,123,212
2025	2,695,810	-	3,148,676	89,450	1,304,580	2,137,360	9,375,877
2026	2,778,237	-	3,306,110	92,134	1,343,717	3,504,365	11,024,563
2027	2,863,229	-	3,471,416	94,898	1,384,029	4,226,799	12,040,371
2028	2,950,871	-	3,644,987	97,744	1,425,550	4,521,519	12,640,671
2029	3,041,247	-	3,827,236	100,677	1,468,316	4,617,824	13,055,300
2030	3,134,448	-	4,018,598	103,697	1,512,366	4,878,254	13,647,362
2031	3,230,563	-	4,219,528	106,808	1,557,737	4,984,526	14,099,162
2032	3,329,690	-	4,430,504	110,012	1,604,469	4,982,616	14,457,291
2033	3,431,926	-	4,652,029	113,313	1,652,603	4,982,239	14,832,110
TOTAL Revenue Requirement							
2024	\$ 5,765,339	\$ 2,653,885	\$ 2,998,739	\$ 171,784	\$ 2,533,165	\$ 5,318,275	\$ 19,441,188
2025	5,943,555	2,769,998	3,148,676	176,938	2,609,160	6,660,615	21,308,943
2026	6,127,481	2,892,949	3,306,110	182,246	2,687,435	9,061,959	24,258,180
2027	6,317,315	3,023,141	3,471,416	187,713	2,768,058	10,217,561	25,985,204
2028	6,513,261	3,160,596	3,644,987	193,344	2,851,100	10,776,770	27,140,057
2029	6,715,533	3,304,394	3,827,236	199,145	2,936,633	11,603,159	28,586,099
2030	6,924,353	3,455,391	4,018,598	205,119	3,024,731	12,177,366	29,805,558
2031	7,139,954	3,613,869	4,219,528	211,273	3,115,473	10,496,733	28,796,829
2032	7,362,575	3,781,401	4,430,504	217,611	3,208,938	10,496,433	29,497,462
2033	7,592,468	3,958,508	4,652,029	224,139	3,305,206	10,495,333	30,227,684

Chart III-4 the total water and wastewater annual cost of service through FY 2033. This includes operating expenses, capital outlays, transfers, and debt service.

CHART III-4



As shown in the table, debt service, which is being used to fund the CIP, is the largest annual expense paid by Friendswood's water and wastewater utilities. The second largest cost is for purchased water and wastewater treatment.

Any changes in the debt, CIP, purchased water, and wastewater treatment estimates used in determining the City's water and wastewater revenue requirement for this rate study could require significant changes to the rate plan presented in this report.

Capital Improvement Plan

The City has developed a comprehensive long-term capital improvements plan for water and wastewater system that is intended to cover its needs over the next five years. The proposed rate plan also enables the City to fully fund all water and wastewater costs and CIP over next decade. The purpose of the CIP is to rehabilitate and maintain the existing system and expand the system and to service new growth. In addition, the project team consulted with City Staff to forecast CIP through the end of the rate plan period.

The capital improvement plan is an integral part of any long-term rate and financing plan. The City finances its capital improvements through a combination of cash reserves, grants, and revenue-funded long-term debt. Only the utility rate revenue-funded bonds impact the City's rate plan.

Table III-5 on the following pages summarizes the City's CIP. The CIP includes repairs and upgrades to pumps and lifting stations.

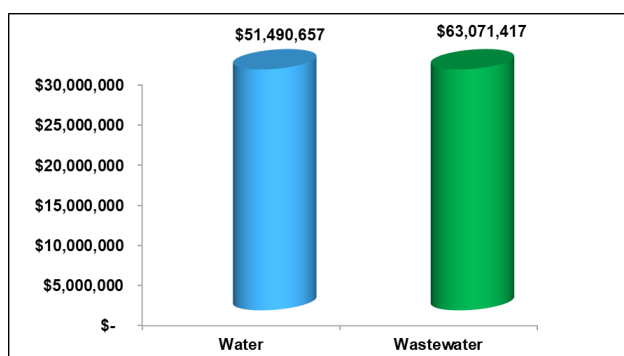
Chart III-6 reveals that the City's CIP over the next five years is estimated to be **\$51,490,657** for the water system and **\$63,071,417** for the wastewater system. The City intends to fund a majority of the CIP projects with debt.

Further, the City is forecast to issue bonds totaling **\$105,350,000** for the currently identified water and wastewater system over the next seven years.

Table III-5

CITY OF FRIENDSWOOD	
Capital Improvement Program	
	Cost
WATER PROJECTS	
42" Water Main Replacement (COH Cash Call)	\$ 15,355,591
Friendswood Dr to EST1 24"	9,962,000
Friendswood Trails 16" Loop	6,542,000
Beamer 12"	4,410,000
Georgetown East Loop 12"	3,280,000
Ground Storage Tank @ WP 1 and Pump Improvements (Funded with Series 2016 & A	3,033,849
Georgetown Extension 12"	2,640,000
Chigger Creek Crossing 16"	2,229,000
Surface Water System #2 Pump/Controls	1,000,000
Generator at Surface Water Station #2	1,000,000
Pipe Rack Relocation Project (Grant)	863,750
Annalea Neighborhood Improvements - 1/3 Water, 1/3 WW, 1/3 Street Willdan estimat	858,150
Blackhawk Blvd Phase II-C Utilities	316,317
TOTAL WATER PROJECTS	\$ 51,490,657
WASTEWATER PROJECTS	
Upsizing Lift Station #2 & Force Main	\$ 15,409,400
Upsize Lift Station 23 and Force Main	5,382,000
I&I Removal Above 30%	5,000,000
El Dorado/Lundy Lane Sanitary Sewer	3,880,000
Windsong Lane Sanitary Sewer	3,061,000
Lift Station #2	3,000,000
Upsize Lift Station #8 and Force Main	2,569,800
Cowards Creek Sewer Upsizing	2,408,000
Lift Station Package 1	1,950,000
Upsize Lift Station #30	1,845,500
2025-2029 Sewer Line Maint & Cleaning - Funded in annual budget	1,800,000
Greenbriar at Cowards Creek Gravity Sewer Line	1,800,000
Upsize Lift Station 16	1,531,200
Upsizing 15" and 18" sewer line along Greenbriar Drive	1,531,200
Liftstation #26 Reconstruction	1,500,000
Lift Station #27 Upgrades	1,500,000
FM 528-Falcon Ridge to Windsong Sanitary Sewer	1,433,100
Lift Station #22 Rehabilitation/Replacement	1,372,000
Baker Road, Falling Leaf Sanitary Sewer	1,280,000
Blackhawk WWTP Aeration Upgrades Working Cap	1,100,000
Lift Station Package 4	1,005,000
Pipe Rack Relocation Project (Grant)	863,750
Annalea Neighborhood Improvements - 1/3 Water, 1/3 WW, 1/3 Street Willdan estimat	858,150
Citywide Wastewater Hydraulic Model	400,000
Blackhawk Blvd Phase II-C Utilities	316,317
Greenbriar at Cowards Creek Gravity Sewer Line	275,000
TOTAL WASTEWATER PROJECTS	\$ 63,071,417

Chart III-6



Existing and Forecast Debt Service

As shown **Table III-7**, the City is assumed to issue approximately **\$46,750,000** in water-related debt and **\$58,600,000** in wastewater-related debt over the next seven years, for a total of **\$105,350,000**. The timing and amount of debt issues can vary based on many factors, but the totals listed in this study are sufficient for the purpose of setting a long-term rate plan.

These assumptions are preliminary in nature and subject to change. Should the City Council choose to issue more or less revenue debt than assumed in this study or should different financing terms be available at the time the debt is issued, then the rate plans contained in this study may require revision.

Table III-7A presents current and forecast debt service assuming that the City issues new water and/or wastewater revenue bonds annually from TY 2024 through FY 2033 to fund the CIP. The City currently has five bond issues outstanding in the Test Year that were issued to fund both water and wastewater system improvements. Debt service on these issues is currently being paid from Utility System Revenue. For TY 2024 forward, it is projected that bonds will be repaid entirely with Utility System Revenues. Future debt is assumed to have a 25-year term, 4.0% interest.

Table III-7

CITY OF FRIENDSWOOD FORECAST Bond Issues			
	Total	Water	Wastewater
2024	20,500,000	5,500,000	15,000,000
2025	36,000,000	15,000,000	21,000,000
2026	19,000,000	8,000,000	11,000,000
2027	8,500,000	4,000,000	4,500,000
2028	11,000,000	9,500,000	1,500,000
2029	8,750,000	4,750,000	4,000,000
2030	1,600,000	-	1,600,000
Total	\$105,350,000	\$46,750,000	\$58,600,000

Table III-7A

CITY OF FRIENDSWOOD CURRENT AND FORECAST DEBT SERVICE					
Year	Water		Wastewater		Total
	Current	Forecast	Current	Forecast	
2024	\$ 4,163,100	\$ -	\$ 1,155,175	\$ -	\$ 5,318,275
2025	4,164,148	359,107	1,157,977	979,383	6,660,615
2026	4,219,104	1,338,490	1,153,846	2,350,519	9,061,959
2027	4,129,934	1,860,828	1,158,066	3,068,733	10,217,561
2028	4,133,254	2,121,997	1,158,971	3,362,548	10,776,770
2029	4,243,063	2,742,272	1,157,337	3,460,487	11,603,159
2030	4,246,702	3,052,410	1,156,598	3,721,656	12,177,366
2031	2,459,797	3,052,410	1,158,403	3,826,123	10,496,733
2032	2,461,407	3,052,410	1,156,493	3,826,123	10,496,433
2033	2,460,684	3,052,410	1,156,116	3,826,123	10,495,333

Non-Rate Revenues

Although sales revenues constitute the majority of the revenue received by the City of Friendswood for water and wastewater service, a certain amount of revenue is accrued from non-rate sources. These revenues include other administration fees, miscellaneous charges, and interest earned. These non-rate revenues are subtracted from the overall budget to determine the revenue requirement to be raised from rates. Non-rate revenues are expected to stay the same during the next ten years. Annual non-rate revenue totals are presented in **Table III-8**.

Table III-8

CITY OF FRIENDSWOOD			
FORECAST NON-RATE REVENUES			
	Water	Wastewater	Total W & WW
2024	\$ 675,936	\$ 233,712	\$ 909,648
2025	675,936	233,712	909,648
2026	675,936	233,712	909,648
2027	675,936	233,712	909,648
2028	675,936	233,712	909,648
2029	675,936	233,712	909,648
2030	675,936	233,712	909,648
2031	675,936	233,712	909,648
2032	675,936	233,712	909,648
2033	675,936	233,712	909,648

Net Revenue Requirement

Table III-9 presents the test year and ten-year forecast for the City's net revenue requirement to be raised from rates for the water and wastewater utility for the TY 2024 and forecast period. The water and wastewater net revenue requirement is expected to increase from **\$18,531,540** in TY 2024 to **\$29,318,036** in FY 2033.

Table III-9

CITY OF FRIENDSWOOD									
CURRENT AND FORECAST NET REVENUE REQUIREMENT									
	Operating & Capital Expenses	COH Costs	Gulf Coast Costs	Capital Outlays	Debt Service	Transfers & Contingencies	Total Cost of Service	Less Non-Rate Revenues	Net Revenue Requirement
WATER Revenue Requirement									
2024	\$ 3,149,469	\$ 2,653,885	\$ -	\$ 84,939	\$ 4,163,100	\$ 1,266,583	\$ 11,317,976	\$ 675,936	\$ 10,642,040
2025	3,247,745	2,769,998	-	87,487	4,523,255	1,304,580	11,933,066	675,936	11,257,130
2026	3,349,245	2,892,949	-	90,112	5,557,594	1,343,717	13,233,617	675,936	12,557,681
2027	3,454,085	3,023,141	-	92,815	5,990,762	1,384,029	13,944,833	675,936	13,268,897
2028	3,562,390	3,160,596	-	95,600	6,255,251	1,425,550	14,499,386	675,936	13,823,450
2029	3,674,285	3,304,394	-	98,468	6,985,335	1,468,316	15,530,799	675,936	14,854,863
2030	3,789,906	3,455,391	-	101,422	7,299,112	1,512,366	16,158,196	675,936	15,482,260
2031	3,909,390	3,613,869	-	104,465	5,512,207	1,557,737	14,697,668	675,936	14,021,732
2032	4,032,885	3,781,401	-	107,599	5,513,817	1,604,469	15,040,171	675,936	14,364,235
2033	4,160,542	3,958,508	-	110,827	5,513,094	1,652,603	15,395,574	675,936	14,719,638
WASTEWATER Revenue Requirement									
2024	2,615,870	-	2,998,739	86,845	1,155,175	1,266,583	8,123,212	233,712	7,889,500
2025	2,695,810	-	3,148,676	89,450	2,137,360	1,304,580	9,375,877	233,712	9,142,165
2026	2,778,237	-	3,306,110	92,134	3,504,365	1,343,717	11,024,563	233,712	10,790,851
2027	2,863,229	-	3,471,416	94,898	4,226,799	1,384,029	12,040,371	233,712	11,806,659
2028	2,950,871	-	3,644,987	97,744	4,521,519	1,425,550	12,640,671	233,712	12,406,959
2029	3,041,247	-	3,827,236	100,677	4,617,824	1,468,316	13,055,300	233,712	12,821,588
2030	3,134,448	-	4,018,598	103,697	4,878,254	1,512,366	13,647,362	233,712	13,413,650
2031	3,230,563	-	4,219,528	106,808	4,984,526	1,557,737	14,099,162	233,712	13,865,450
2032	3,329,690	-	4,430,504	110,012	4,982,616	1,604,469	14,457,291	233,712	14,223,579
2033	3,431,926	-	4,652,029	113,313	4,982,239	1,652,603	14,832,110	233,712	14,598,398
TOTAL Revenue Requirement									
2024	5,765,339	2,653,885	2,998,739	171,784	5,318,275	2,533,165	19,441,188	909,648	18,531,540
2025	5,943,555	2,769,998	3,148,676	176,938	6,660,615	2,609,160	21,308,943	909,648	20,399,295
2026	6,127,481	2,892,949	3,306,110	182,246	9,061,959	2,687,435	24,258,180	909,648	23,348,532
2027	6,317,315	3,023,141	3,471,416	187,713	10,217,561	2,768,058	25,985,204	909,648	25,075,556
2028	6,513,261	3,160,596	3,644,987	193,344	10,776,770	2,851,100	27,140,057	909,648	26,230,409
2029	6,715,533	3,304,394	3,827,236	199,145	11,603,159	2,936,633	28,586,099	909,648	27,676,451
2030	6,924,353	3,455,391	4,018,598	205,119	12,177,366	3,024,731	29,805,558	909,648	28,895,910
2031	7,139,954	3,613,869	4,219,528	211,273	10,496,733	3,115,473	28,796,829	909,648	27,887,181
2032	7,362,575	3,781,401	4,430,504	217,611	10,496,433	3,208,938	29,497,462	909,648	28,587,814
2033	7,592,468	3,958,508	4,652,029	224,139	10,495,333	3,305,206	30,227,684	909,648	29,318,036

Water Utility Cost Functionalization

Once the total water and wastewater system costs have been identified, the next step in the rate development process is to isolate the costs associated with each system function. Some of these expenditures are a function of base water demand; others are based on the peak demands placed on the system. Certain costs are associated with serving customers regardless of the volume of water use or wastewater discharge. The basic steps used to allocate the City's water revenue requirements include the following:

1. Each system's costs (revenue requirements) are categorized by utility function (i.e., treatment, distribution, administrative, customer). This process is known as *functionalization*.
2. Functionalized costs are classified based on the service characteristics or the types of demand served by the utility (base and maximum day). This process is known as *classification*.
3. Costs by service characteristic are allocated to customer classes in proportion to the service demands demonstrated by each class.

This three-step process allows for the allocation of system costs in the same terms as customer classes. The approaches described in this section follow standard industry practices. Water system costs are allocated to the following functions:

Treatment – the process by which raw water is converted to potable water.

Distribution – the lines that carry water to individual customers' properties.

Administration – miscellaneous overhead and other non-operating costs.

Customer Billing – the processes involved in billing and providing other services to customers.

The project team allocated operating budget line-item expenses individually to system functions based on general guidelines, specific research, and input from the City of Friendswood staff. The results of the allocation process for the test year are summarized in **Table III-10**.

TABLE III-10

CITY OF FRIENDSWOOD			
TEST YEAR WATER COST FUNCTIONALIZATION			
2024			
Revenue			
Function	Requirement	Percent	
Treatment	\$ 2,526,353	23.7%	
Distribution	7,087,459	66.6%	
Administration	9,086	0.1%	
Customer	<u>1,019,141</u>	<u>9.6%</u>	
Total	10,642,040	100.0%	

Water Utility Cost Classification

The allocation of functionalized water system costs to service characteristics follows the base-extra capacity cost allocation method recommended by AWWA. Using this method, costs are segregated into the following categories:

Base costs – capital costs and O&M expenses associated with service to customers under average demand conditions. This category does not include any costs attributable to variations in water use resulting from peaks in demand. Base costs tend to vary directly with the total quantity of water used.

Maximum Day/Extra Capacity costs – costs attributable to facilities that are designed to meet peaking requirements. These costs include capital and operating charges for additional plant and system capacity beyond that required for average usage.

Customer Billing costs – costs associated with any aspect of customer service, including billing, accounting, and meter services. These costs are independent of the amount of water used and the size of the customer's meter and are not subject to peaking factors.

According to AWWA Manual M-1, in the base-extra capacity method, care must be taken in separating costs between those devoted to base capacity and those devoted to extra capacity. The peak to average factor is calculated by dividing the volume on the peak day of the year by the average daily volume. Facilities designed to meet maximum-day requirements, such as the treatment and distribution functions, are allocated 63% (1/1.60) to base, and 37% to extra capacity (Max Day). This means that facilities designed to meet maximum-day requirements, such as the treatment and distribution functions, are allocated 63% to base, and 37% to extra capacity.

All customer service-related costs are allocated 100% to customer billing. Administration costs are generally not directly assignable to individual classifications. Therefore, it is standard rate-making practice to allocate these costs on an indirect basis to service characteristics.

The system-wide costs by service characteristic are shown in **Table III-11**. As with cost functionalization, these percentages are not expected to change significantly in the forecast period.

TABLE III-11

CITY OF FRIENDSWOOD		
TEST YEAR WATER COST CLASSIFICATION		
2024		
Revenue		
Function	Requirement	Percent
Base	\$ 6,013,450	56.51%
Maximum Day	3,608,070	33.90%
Customer	1,020,520	9.59%
Total	10,642,040	100.0%

Water Utility Cost Allocation

Allocation of costs by service characteristic to customer classes is based on the proportionate use levels of each characteristic by each class. The total water utility costs by customer class for the test year are summarized in **Table III-12** and for the ten-year forecast period in **Table III-13**.

TABLE III-12

CITY OF FRIENDSWOOD		
TEST YEAR WATER COST ALLOCATION		
2024		
Revenue		
Function	Requirement	Percent
Res Inside	\$ 8,326,761	78.2%
Res Outside	5,080	0.0%
Comm Inside	1,102,391	10.4%
Comm Outside	22,857	0.2%
Sprinkler Inside	1,184,809	11.1%
Sprinkler Outside	142	0.0%
Total	10,642,040	100.0%

TABLE III-13

CITY OF FRIENDSWOOD							
FORECAST WATER COST ALLOCATION							
Year	Res Inside	Res Outside	Comm Inside	Comm Outside	Sprinkler Inside	Sprinkler Outside	Total
2024	\$ 8,326,761	\$ 5,080	\$ 1,102,391	\$ 22,857	\$ 1,184,809	\$ 142	\$ 10,642,040
2025	8,809,663	5,332	1,174,209	23,987	1,243,790	149	11,257,130
2026	9,829,163	5,901	1,318,952	26,545	1,376,955	165	12,557,681
2027	10,387,532	6,187	1,403,302	27,826	1,443,879	172	13,268,897
2028	10,823,262	6,396	1,471,855	28,762	1,492,997	178	13,823,450
2029	11,632,283	6,825	1,591,505	30,686	1,593,374	190	14,854,863
2030	12,124,908	7,065	1,668,447	31,764	1,649,879	197	15,482,260
2031	10,982,150	6,358	1,519,381	28,584	1,485,082	177	14,021,732
2032	11,251,402	6,473	1,565,062	29,094	1,512,025	180	14,364,235
2033	11,530,723	6,591	1,612,600	29,622	1,539,919	184	14,719,638

Wastewater Utility Cost Functionalization and Classification

Wastewater system costs are allocated to the following functions:

Treatment -- Volume – the costs associated with treating wastewater volume discharges.

Collection – the lines that transport wastewater from customers' properties to the wastewater treatment plant.

Administration – miscellaneous overhead and other non-operating costs.

Customer Billing – the processes involved in billing and other services to customers.

As was the case for the water system, wastewater utility operating budget line-item expenses are allocated individually to functions. The results of the allocation process are presented on **Table III-14**. As with the water utility, these percentages are not forecast to change significantly during the next ten years.

TABLE III-14

CITY OF FRIENDSWOOD		
YEAR WASTEWATER COST FUNCTIONALIZATION		
2024		
Function	Requirement	Percent
Treatment	\$ 2,953,816	37.4%
Collection	4,101,944	52.0%
Administration	443,003	5.6%
Customer	390,736	5.0%
Total	7,889,500	100.0%

Wastewater Utility Cost Allocation

Allocation of wastewater utility costs by service characteristic to customer classes is performed in the same manner as described for the water utility. The total wastewater utility costs by customer class for the test year are summarized in **Table III-15** and for the ten-year forecast period in **Table III-16**.

TABLE III-15

CITY OF FRIENDSWOOD		
TEST YEAR WASTEWATER COST ALLOCATION		
2024		
Revenue		
Function	Requirement	Percent
Sewer - Res In	\$ 6,414,488	81.3%
Sewer - Res Out	3,482	0.0%
Sewer - Comm Inside	1,443,440	18.3%
Sewer - Comm Out	28,090	0.4%
Total	7,889,500	100.0%

TABLE III-16

CITY OF FRIENDSWOOD					
FORECAST WASTEWATER COST ALLOCATION					
Year	Sewer - Res In	Sewer - Res Out	Sewer - Comm Inside	Sewer - Comm Out	Total
2024	\$ 6,414,488	\$ 3,482	\$ 1,443,440	\$ 28,090	\$ 7,889,500
2025	7,412,247	4,003	1,693,586	32,328	9,142,165
2026	8,724,009	4,688	2,024,251	37,903	10,790,851
2027	9,524,491	5,083	2,235,975	41,111	11,806,659
2028	9,990,504	5,291	2,368,370	42,794	12,406,959
2029	10,308,323	5,419	2,464,020	43,826	12,821,588
2030	10,767,437	5,622	2,595,118	45,472	13,413,650
2031	11,114,704	5,765	2,698,355	46,626	13,865,450
2032	11,386,705	5,866	2,783,570	47,438	14,223,579
2033	11,671,273	5,972	2,872,864	48,288	14,598,398

SECTION IV

Water and Wastewater Rate Design



Rate design involves determining charges for each class of customers that will generate a desired level of revenue in accordance with AWWA and other industry cost of service rate-making principles. The water and wastewater rates developed in this section are designed to recover the test year and forecast revenue requirements while providing funding for the identified capital improvements and existing debt service.

The following is notable regarding both proposed rate plans to be presented:

- While the rate model presents a forecast of rates for ten years, **the project team recommends that the City adopt a 3-year rate plan**, with rates to be automatically implemented annually on January 1, 2025, through January 1, 2027.
- Given the current data given by the City and potential for unexpected events, the project team recommends that the City not commit itself to a rate plan beyond three years. Further, the project team recommends that the City periodically review these rates during the next three years, to incorporate any changes to costs, volumes, or growth assumptions that may occur during that time.
- The most significant impact on rates will be debt issued to fund the CIP. If there are significant changes in the CIP funding requirements and/or debt terms, the City should undertake an immediate review of its rate plan.
- The second largest impact on rates will be the cost of treated water and wastewater treatment from COH and Gulf Coast. Should these entities make material changes to its rate forecasts, the City should undertake an immediate review of its rate plan.
- The rate plan also assumes that reserves, grants, and debt will be used to fund the current 5-year Capital Improvement Plan.

Proposed Rate Plan

The project team recommends the following with regards to the proposed rate plan:

- No change in the structure of the existing rate plan.
- Uniform adjustments are applied to the existing base and volumetric rates for each rate class.

The rate plan and forecast revenues and expenses under this scenario is presented in **Appendix A**.

Table IV-1 presents a summary of the rate plan proposed for both inside and outside City Residential customers.

Table IV-2 presents a summary of the rate plan proposed for non-residential customers.

Table IV-3 is the proposed rate plan for wastewater customers.

Table IV-4 presents the customer rate impact assuming the proposed rate structure is adopted by City Council.

The projected rate revenues developed are forecast to be sufficient to fund all operating and current scheduled capital obligations in the forecast period. Forecast rate revenues by year are presented in Appendix A.

TABLE IV-1

CITY OF FRIENDSWOOD					
PROPOSED WATER AND WASTEWATER RATE PLAN					
		Current	Forecast	Forecast	Forecast
			Jan-25	Jan-26	Jan-27
WATER					
Water Rates Residential Inside					
<u>Monthly Minimum Charge (3,000 Gallons Included)</u>					
3/4"		\$ 23.55	\$ 25.20	\$ 26.95	\$ 28.85
1"		23.55	25.20	26.95	28.85
1 1/2"		92.09	98.55	105.45	112.85
2"		147.43	157.75	168.80	180.60
3"		265.20	283.75	303.60	324.85
4"		433.43	463.75	496.20	530.95
6"		854.02	913.80	977.75	1,046.20
8"		1,358.72	1,453.85	1,555.60	1,664.50
<u>Volume Rate Per 1,000 Gal</u>					
1	3,000	-	-	-	-
3,001	10,000	3.21	3.45	3.70	3.95
10,001	25,000	4.01	4.30	4.60	4.90
25,001	Above	6.02	6.45	6.90	7.40
Water Rates -- Residential Outside					
<u>Monthly Minimum Charge (3,000 Gallons Included)</u>					
3/4"		\$ 35.33	\$ 37.80	\$ 40.45	\$ 43.30
1"		35.33	37.80	40.45	43.30
1 1/2"		138.14	147.85	158.20	169.30
2"		221.15	236.65	253.20	270.90
3"		397.80	425.65	455.40	487.30
4"		650.15	695.65	744.30	796.45
6"		1,281.03	1,370.70	1,466.65	1,569.30
8"		2,038.08	2,180.80	2,333.40	2,496.75
<u>Volume Rate Per 1,000 Gal</u>					
1	3,000	-	-	-	-
3,001	10,000	4.82	5.20	5.55	5.95
10,001	25,000	6.02	6.45	6.90	7.35
25,001	Above	9.03	9.70	10.35	11.10

TABLE IV-2

CITY OF FRIENDSWOOD					
PROPOSED WATER AND WASTEWATER RATE PLAN					
		Current	Forecast	Forecast	Forecast
			Jan-25	Jan-26	Jan-27
WATER					
Water Rates - Commercial Inside					
<u>Monthly Minimum Charge</u>					
3/4"	\$	23.55	\$ 25.20	\$ 26.95	\$ 28.85
1"		23.55	25.20	26.95	28.85
1 1/2"		92.09	98.55	105.45	112.85
2"		147.43	157.75	168.80	180.60
3"		265.20	283.75	303.60	324.85
4"		433.43	463.75	496.20	530.95
6"		854.02	913.80	977.75	1,046.20
8"		1,358.72	1,453.85	1,555.60	1,664.50
<u>Volume Rate Per 1,000 Gal</u>					
1 Above		4.90	5.25	5.60	6.00
Water Rates - Commercial Outside					
<u>Monthly Minimum Charge</u>					
3/4"	\$	35.33	\$ 37.80	\$ 40.45	\$ 43.30
1"		35.33	37.80	40.45	43.30
1 1/2"		138.14	147.85	158.20	169.30
2"		221.15	236.65	253.20	270.90
3"		397.80	425.65	455.40	487.30
4"		650.15	695.65	744.30	796.45
6"		1,281.03	1,370.70	1,466.65	1,569.30
8"		2,038.08	2,180.80	2,333.40	2,496.75
<u>Volume Rate Per 1,000 Gal</u>					
1 Above		7.35	7.90	8.40	9.00
Water Rates - Sprinkler Inside					
<u>Monthly Minimum Charge (3,000 Gallons Included)</u>					
3/4"	\$	23.55	\$ 25.20	\$ 26.95	\$ 28.85
1"		23.55	25.20	26.95	28.85
1 1/2"		92.09	98.55	105.45	112.85
2"		147.43	157.75	168.80	180.60
3"		265.20	283.75	303.60	324.85
4"		433.43	463.75	496.20	530.95
6"		854.02	913.80	977.75	1,046.20
8"		1,358.72	1,453.85	1,555.60	1,664.50
<u>Volume Rate Per 1,000 Gal</u>					
3,001 10,000		4.00	4.30	4.60	4.90
10,001 25,000		4.25	4.55	4.85	5.20
25,001 Above		6.02	6.45	6.90	7.40
Water Rates - Sprinkler Outside					
<u>Monthly Minimum Charge (3,000 Gallons Included)</u>					
3/4"	\$	35.33	\$ 37.80	\$ 40.45	\$ 43.30
1"		35.33	37.80	40.45	43.30
1 1/2"		138.14	147.80	158.15	169.20
2"		221.15	236.65	253.20	270.90
3"		397.80	425.65	455.45	487.35
4"		650.15	695.65	744.35	796.45
6"		1,281.03	1,370.70	1,466.65	1,569.30
8"		2,038.08	2,180.75	2,333.40	2,496.75
<u>Volume Rate Per 1,000 Gal</u>					
3,001 10,000		6.00	6.40	6.85	7.35
10,001 25,000		6.38	6.85	7.35	7.85
25,001 Above		9.03	9.65	10.35	11.05

TABLE IV-3

CITY OF FRIENDSWOOD PROPOSED WATER AND WASTEWATER RATE PLAN					
	Current	Forecast	Forecast	Forecast	
		Jan-25	Jan-26	Jan-27	
Wastewater					
Wastewater Rates - Residential Inside*					
Monthly Minimum Charge	\$ 27.96	\$ 29.90	\$ 32.00	\$ 33.30	
Volume Rate/1,000 Gal	4.29	4.60	4.90	5.10	
Wastewater Rates - Residential Outside					
Monthly Minimum Charge	\$ 41.94	\$ 44.85	\$ 48.00	\$ 49.95	
Volume Rate/1,000 Gal	6.44	6.90	7.35	7.65	
Wastewater Rates - Commercial Inside					
Monthly Minimum Charge	\$ 27.96	\$ 29.90	\$ 32.00	\$ 33.30	
Volume Rate/1,000 Gal	4.29	4.60	4.90	5.10	
Wastewater Rates - Commercial Outside					
Monthly Minimum Charge	\$ 41.94	\$ 44.85	\$ 48.00	\$ 49.95	
Volume Rate/1,000 Gal	6.44	6.90	7.35	7.65	
*Winter Months Averaging Apply to Residential Volumes					

TABLE IV-4

CITY OF FRIENDSWOOD IMPACT OF RATE PLAN ON BI-MONTHLY CHARGES					
Scenario: 2024 01 22 -- Status Quo					
		Current	Forecast	Forecast	Forecast
			Jan-25	Jan-26	Jan-27
Residential Monthly Charges -- 3/4"					
10,000 Water	5,000 WW	\$ 95.43	\$ 102.25	\$ 109.35	\$ 115.30
	Increase -- \$		6.82	7.10	5.95
	Increase -- %		7.1%	6.9%	5.4%
20,000 Water	5,000 WW	135.53	145.25	155.35	164.30
	Increase -- \$		9.72	10.10	8.95
	Increase -- %		7.2%	7.0%	5.8%
30,000 Water	5,000 WW	185.68	199.00	212.85	225.80
	Increase -- \$		13.32	13.85	12.95
	Increase -- %		7.2%	7.0%	6.1%
Commercial Monthly Charges -- 2"					
40,000 Water	40,000 WW	\$ 542.99	\$ 581.65	\$ 620.80	\$ 657.90
	Increase -- \$		38.66	39.15	37.10
	Increase -- %		7.1%	6.7%	6.0%

Notes on Rate Recommendations

The forecast and recommendations presented in this study represent a combination of the best information available from the City of Friendswood and the project team's expertise. However, this forecast relies in part on assumptions about future events and events beyond the control of the project team (such as account growth rates within the City). The forecast and recommendations contained in this study may be subject to revision if any of the following events occurs:

- Actual growth in accounts and consumed volumes is less than (or significantly greater than) forecast.
- Capital improvement plan funding costs increase significantly due to the rising cost of materials or other factors.
- Unforeseen/unplanned increases in operating costs such as COH and Gulf Coast costs.
- An unforeseen event impacts the City, such as an extended recession, natural catastrophe, or terrorist attack.
- Significant and long-lasting changes in weather patterns.
- Increases or decreases in interest rates, coverage requirements, or reserve requirements for long-term debt.
- The City of Friendswood budget levels or priorities change significantly from those forecast in this study.

It should be noted that none of these events are foreseen by the project team or the City of Friendswood at this time.

If any of these events occur, the City may be compelled to consider further adjustments to its water and wastewater rates.

CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL

Effective Jan-23	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29	Effective Jan-30	Effective Jan-31	Effective Jan-32	Effective Jan-33
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City Rate Plan -- 10 Year Summary
Scen: 2024 01 22 -- Status Quo

1 Water Monthly Rates and Charges

CITY Water Rate and Charges

W1 Res Inside

Monthly Minimum Charge

3/4"	\$	23.55	\$	25.20	\$	26.95	\$	28.85	\$	30.85	\$	31.80	\$	32.45	\$	32.45	\$	32.45	\$	32.45
1"		23.55		25.20		26.95		28.85		30.85		31.80		32.45		32.45		32.45		32.45
1 1/2"		92.09		98.55		105.45		112.85		120.75		124.35		126.85		126.85		126.85		126.85
2"		147.43		157.75		168.80		180.60		193.25		199.05		203.05		203.05		203.05		203.05

Volume Rate/1,000 Gal

1	3,000	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	-
3,001	10,000		3.21		3.45		3.70		3.95		4.25		4.40		4.50		4.50		4.50	4.50
10,001	25,000		4.01		4.30		4.60		4.90		5.25		5.40		5.50		5.50		5.50	5.50
25,001	Above		6.02		6.45		6.90		7.40		7.90		8.15		8.30		8.30		8.30	8.30

W2 Res Outside

Monthly Minimum Charge

3/4"	\$	35.33	\$	37.80	\$	40.45	\$	43.30	\$	46.30	\$	47.70	\$	48.70	\$	48.70	\$	48.70	\$	48.70
1"		35.33		37.80		40.45		43.30		46.30		47.70		48.70		48.70		48.70		48.70
1 1/2"		138.14		147.85		158.20		169.30		181.15		186.55		190.30		190.30		190.30		190.30
2"		221.15		236.65		253.20		270.90		289.90		298.60		304.60		304.60		304.60		304.60
3"		397.80		425.65		455.40		487.30		521.40		537.10		547.80		547.80		547.80		547.80
4"		650.15		695.65		744.30		796.45		852.15		877.70		895.30		895.30		895.30		895.30
6"		1,281.03		1,370.70		1,466.65		1,569.30		1,679.20		1,729.55		1,764.15		1,764.15		1,764.15		1,764.15

Volume Rate/1,000 Gal

1	3,000		-		-		-		-		-		-		-		-		-	-
3,001	10,000		4.82		5.20		5.55		5.95		6.40		6.60		6.75		6.75		6.75	6.75
10,001	25,000		6.02		6.45		6.90		7.35		7.90		8.10		8.25		8.25		8.25	8.25
25,001	Above		9.03		9.70		10.35		11.10		11.85		12.25		12.45		12.45		12.45	12.45

CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL

	Effective Jan-23	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29	Effective Jan-30	Effective Jan-31	Effective Jan-32	Effective Jan-33
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City Rate Plan -- 10 Year Summary
Scen: 2024 01 22 -- Status Quo

W3 Comm Inside

Monthly Minimum Charge

3/4"	\$	23.55	\$	25.20	\$	26.95	\$	28.85	\$	30.85	\$	31.80	\$	32.45	\$	32.45	\$	32.45	\$	32.45
1"		23.55		25.20		26.95		28.85		30.85		31.80		32.45		32.45		32.45		32.45
1 1/2"		92.09		98.55		105.45		112.85		120.75		124.35		126.85		126.85		126.85		126.85
2"		147.43		157.75		168.80		180.60		193.25		199.05		203.05		203.05		203.05		203.05
3"		265.20		283.75		303.60		324.85		347.60		358.05		365.20		365.20		365.20		365.20
4"		433.43		463.75		496.20		530.95		568.10		585.15		596.85		596.85		596.85		596.85
6"		854.02		913.80		977.75		1,046.20		1,119.45		1,153.05		1,176.10		1,176.10		1,176.10		1,176.10
8"		1,358.72		1,453.85		1,555.60		1,664.50		1,781.00		1,834.45		1,871.15		1,871.15		1,871.15		1,871.15

Volume Rate/1,000 Gal

1	Above	4.90	5.25	5.60	6.00	6.40	6.60	6.75	6.75	6.75	6.75
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W4 Comm Outside

Monthly Minimum Charge

3/4"	\$	35.33	\$	37.80	\$	40.45	\$	43.30	\$	46.30	\$	47.70	\$	48.70	\$	48.70	\$	48.70	\$	48.70
1"		35.33		37.80		40.45		43.30		46.30		47.70		48.70		48.70		48.70		48.70
1 1/2"		138.14		147.85		158.20		169.30		181.15		186.55		190.30		190.30		190.30		190.30
2"		221.15		236.65		253.20		270.90		289.90		298.60		304.60		304.60		304.60		304.60
3"		397.80		425.65		455.40		487.30		521.40		537.10		547.80		547.80		547.80		547.80
4"		650.15		695.65		744.30		796.45		852.15		877.70		895.30		895.30		895.30		895.30
6"		1,281.03		1,370.70		1,466.65		1,569.30		1,679.20		1,729.55		1,764.15		1,764.15		1,764.15		1,764.15
8"		2,038.08		2,180.80		2,333.40		2,496.75		2,671.50		2,751.70		2,806.75		2,806.75		2,806.75		2,806.75

Volume Rate/1,000 Gal

1	Above	7.35	7.90	8.40	9.00	9.60	9.90	10.15	10.15	10.15	10.15
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CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL

Effective Jan-23	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29	Effective Jan-30	Effective Jan-31	Effective Jan-32	Effective Jan-33
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City Rate Plan -- 10 Year Summary
Scen: 2024 01 22 -- Status Quo

W5 Sprinkler Inside

Monthly Minimum Charge

3/4"	\$	23.55	\$	25.20	\$	26.95	\$	28.85	\$	30.85	\$	31.80	\$	32.45	\$	32.45	\$	32.45	\$	32.45
1"		23.55		25.20		26.95		28.85		30.85		31.80		32.45		32.45		32.45		32.45
1 1/2"		92.09		98.55		105.45		112.85		120.75		124.35		126.85		126.85		126.85		126.85
2"		147.43		157.75		168.80		180.60		193.25		199.05		203.05		203.05		203.05		203.05
3"		265.20		283.75		303.60		324.85		347.60		358.05		365.20		365.20		365.20		365.20
4"		433.43		463.75		496.20		530.95		568.10		585.15		596.85		596.85		596.85		596.85
6"		854.02		913.80		977.75		1,046.20		1,119.45		1,153.05		1,176.10		1,176.10		1,176.10		1,176.10
8"		1,358.72		1,453.85		1,555.60		1,664.50		1,781.00		1,834.45		1,871.15		1,871.15		1,871.15		1,871.15

Volume Rate/1,000 Gal

1	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	10,000	4.00	4.30	4.60	4.90	5.25	5.40	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
10,001	25,000	4.25	4.55	4.85	5.20	5.55	5.70	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80	5.80
25,001	Above	6.02	6.45	6.90	7.40	7.90	8.15	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30

W6 Sprinkler Outside

Monthly Minimum Charge

3/4"	\$	35.33	\$	37.80	\$	40.45	\$	43.30	\$	46.35	\$	47.75	\$	48.70	\$	48.70	\$	48.70	\$	48.70
1"		35.33		37.80		40.45		43.30		46.35		47.75		48.70		48.70		48.70		48.70
1 1/2"		138.14		147.80		158.15		169.20		181.05		186.50		190.25		190.25		190.25		190.25
2"		221.15		236.65		253.20		270.90		289.85		298.55		304.50		304.50		304.50		304.50
3"		397.80		425.65		455.45		487.35		521.45		537.10		547.85		547.85		547.85		547.85
4"		650.15		695.65		744.35		796.45		852.20		877.75		895.30		895.30		895.30		895.30
6"		1,281.03		1,370.70		1,466.65		1,569.30		1,679.15		1,729.50		1,764.10		1,764.10		1,764.10		1,764.10
8"		2,038.08		2,180.75		2,333.40		2,496.75		2,671.50		2,751.65		2,806.70		2,806.70		2,806.70		2,806.70

Volume Rate/1,000 Gal

1	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	10,000	6.00	6.40	6.85	7.35	7.85	8.10	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
10,001	25,000	6.38	6.85	7.35	7.85	8.40	8.65	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80
25,001	Above	9.03	9.65	10.35	11.05	11.80	12.15	12.40	12.40	12.40	12.40	12.40	12.40	12.40	12.40	12.40	12.40	12.40	12.40	12.40

**CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL**

Effective Jan-23	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29	Effective Jan-30	Effective Jan-31	Effective Jan-32	Effective Jan-33
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City Rate Plan -- 10 Year Summary
Scen: 2024 01 22 -- Status Quo

2 Wastewater Monthly Rates and Charges

Sewer - Res In

Monthly Minimum Charge

\$	27.96	\$	29.90	\$	32.00	\$	33.30	\$	34.65	\$	36.05	\$	36.75	\$	37.50	\$	38.25	\$	39.00
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Volume Rate/1,000 Gal

1 Above	4.29	4.60	4.90	5.10	5.30	5.50	5.60	5.70	5.80	5.90
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Sewer - Res Out

Monthly Minimum Charge

41.94	44.85	48.00	49.95	51.95	54.10	55.15	56.25	57.40	58.50
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Volume Rate/1,000 Gal

1 Above	6.44	6.90	7.35	7.65	7.95	8.25	8.40	8.55	8.70	8.85
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Sewer - Comm Inside

Monthly Minimum Charge

27.96	29.90	32.00	33.30	34.65	36.05	36.75	37.50	38.25	39.00
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Volume Rate/1,000 Gal

1 Above	4.29	4.60	4.90	5.10	5.30	5.50	5.60	5.70	5.80	5.90
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Sewer - Comm Out

Monthly Minimum Charge

41.94	44.85	48.00	49.95	51.95	54.10	55.15	56.25	57.40	58.50
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Volume Rate/1,000 Gal

1 Above	6.44	6.90	7.35	7.65	7.95	8.25	8.40	8.55	8.70	8.85
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**CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL**

	Effective Jan-23	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29	Effective Jan-30	Effective Jan-31	Effective Jan-32	Effective Jan-33
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City Rate Plan -- 10 Year Summary
Scen: 2024 01 22 -- Status Quo

3 Residential Monthly Charges -- WATER

5,000 Gallons -- 3/4" Meter

Total	\$ 29.97	\$ 32.10	\$ 34.35	\$ 36.75	\$ 39.35	\$ 40.60	\$ 41.45	\$ 41.45	\$ 41.45	\$ 41.45
Dollar Inc		2.13	2.25	2.40	2.60	1.25	0.85	-	-	-
Percent Inc		7.1%	7.0%	7.0%	7.1%	3.2%	2.1%	0.0%	0.0%	0.0%

10,000 Gallons -- 3/4" Meter

Total	46.02	49.35	52.85	56.50	60.60	62.60	63.95	63.95	63.95	63.95
Dollar Inc		3.33	3.50	3.65	4.10	2.00	1.35	-	-	-
Percent Inc		7.2%	7.1%	6.9%	7.3%	3.3%	2.2%	0.0%	0.0%	0.0%

20,000 Gallons -- 3/4" Meter

Total	86.12	92.35	98.85	105.50	113.10	116.60	118.95	118.95	118.95	118.95
Dollar Inc		6.23	6.50	6.65	7.60	3.50	2.35	-	-	-
Percent Inc		7.2%	7.0%	6.7%	7.2%	3.1%	2.0%	0.0%	0.0%	0.0%

30,000 Gallons -- 3/4" Meter

Total	136.27	146.10	156.35	167.00	178.85	184.35	187.95	187.95	187.95	187.95
Dollar Inc		9.83	10.25	10.65	11.85	5.50	3.60	-	-	-
Percent Inc		7.2%	7.0%	6.8%	7.1%	3.1%	2.0%	0.0%	0.0%	0.0%

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL										
	Effective Jan-23	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29	Effective Jan-30	Effective Jan-31	Effective Jan-32	Effective Jan-33

City Rate Plan -- 10 Year Summary
Scen: 2024 01 22 -- Status Quo

4 Commercial Monthly Charges -- WATER

20,000 Gallons -- 1 1/2" Meter										
Total	190.09	203.55	217.45	232.85	248.75	256.35	261.85	261.85	261.85	261.85 -
Dollar Inc		13.46	13.90	15.40	15.90	7.60	5.50	-	-	-
Percent Inc		7.1%	6.8%	7.1%	6.8%	3.1%	2.1%	0.0%	0.0%	0.0%
40,000 Gallons -- 1 1/2" Meter										
Total	288.09	308.55	329.45	352.85	376.75	388.35	396.85	396.85	396.85	396.85
Dollar Inc		20.46	20.90	23.40	23.90	11.60	8.50	-	-	-
Percent Inc		7.1%	6.8%	7.1%	6.8%	3.1%	2.2%	0.0%	0.0%	0.0%

**CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL**

Effective Jan-23	Effective Jan-25	Effective Jan-26	Effective Jan-27	Effective Jan-28	Effective Jan-29	Effective Jan-30	Effective Jan-31	Effective Jan-32	Effective Jan-33
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City Rate Plan -- 10 Year Summary**Scen: 2024 01 22 -- Status Quo****5 Residential Monthly Charges -- WASTEWATER****5,000 Gallons -- 3/4" Meter**

Total 3/4"	\$ 49.41	\$ 52.90	\$ 56.50	\$ 58.80	\$ 61.15	\$ 63.55	\$ 64.75	\$ 66.00	\$ 67.25	\$ 68.50
Dollar Inc		3.49	3.60	2.30	2.35	2.40	1.20	1.25	1.25	1.25
Percent Inc		7.1%	6.8%	4.1%	4.0%	3.9%	1.9%	1.9%	1.9%	1.9%

10,000 Gallons -- 3/4" Meter

Total 3/4"	70.86	75.90	81.00	84.30	87.65	91.05	92.75	94.50	96.25	98.00
Dollar Inc		5.04	5.10	3.30	3.35	3.40	1.70	1.75	1.75	1.75
Percent Inc		7.1%	6.7%	4.1%	4.0%	3.9%	1.9%	1.9%	1.9%	1.8%

15,000 Gallons -- 3/4" Meter

Total 3/4"	92.31	98.90	105.50	109.80	114.15	118.55	120.75	123.00	125.25	127.50
Dollar Inc		6.59	6.60	4.30	4.35	4.40	2.20	2.25	2.25	2.25
Percent Inc		7.1%	6.7%	4.1%	4.0%	3.9%	1.9%	1.9%	1.8%	1.8%

20,000 Gallons -- 3/4" Meter

Total 3/4"	113.76	121.90	130.00	135.30	140.65	146.05	148.75	151.50	154.25	157.00
Dollar Inc		8.14	8.10	5.30	5.35	5.40	2.70	2.75	2.75	2.75
Percent Inc		7.2%	6.6%	4.1%	4.0%	3.8%	1.8%	1.8%	1.8%	1.8%

NOTE: Winter Months Averaging Apply to Residential Volumes

6 Commercial Monthly Charges -- WASTEWATER**20,000 Gallons -- 1 1/2" Meter**

Total 1 1/2"	\$ 113.76	\$ 121.90	\$ 130.00	\$ 135.30	\$ 140.65	\$ 146.05	\$ 148.75	\$ 151.50	\$ 154.25	\$ 157.00
Dollar Inc		8.14	8.10	5.30	5.35	5.40	2.70	2.75	2.75	2.75
Percent Inc		7.2%	6.6%	4.1%	4.0%	3.8%	1.8%	1.8%	1.8%	1.8%

40,000 Gallons -- 1 1/2" Meter

Total 1 1/2"	199.56	213.90	228.00	237.30	246.65	256.05	260.75	265.50	270.25	275.00
Dollar Inc		14.34	14.10	9.30	9.35	9.40	4.70	4.75	4.75	4.75
Percent Inc		7.2%	6.6%	4.1%	3.9%	3.8%	1.8%	1.8%	1.8%	1.8%



City of Friendswood

Ten Year Rate Analysis and Pro Forma

Fiscal Years 2024 - 2033



Utility System

Water
Sewer
Combined

Dashboard

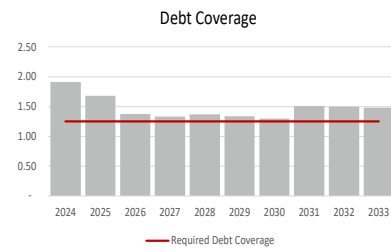
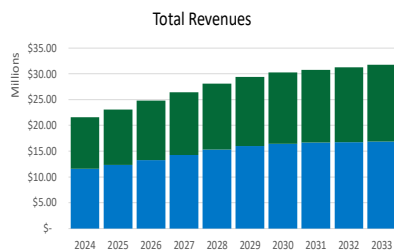
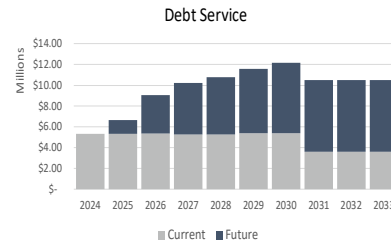
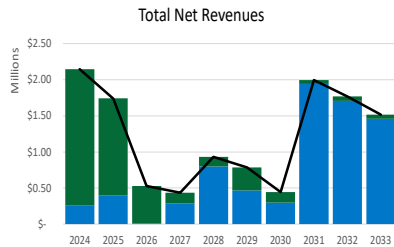
Projections
Bill Comparison
Comparable Utilities

Customer Class

All Classes

Years

10
5



Water Sewer

Combined Projections

Future Debt Term 25

Water Future Bond Issues		
	Alternative	Proposed
2024		\$ 5,500,000
2025		\$ 15,000,000
2026		\$ 8,000,000
2027		\$ 4,000,000
2028		\$ 9,500,000
2029		\$ 4,750,000
2030		\$ -
2031		\$ -
2032		\$ -
2033		\$ -
		\$ 46,750,000

Sewer Future Bond Issues		
	Alternative	Proposed
2024		\$ 15,000,000
2025		\$ 21,000,000
2026		\$ 11,000,000
2027		\$ 4,500,000
2028		\$ 1,500,000
2029		\$ 4,000,000
2030		\$ 1,600,000
2031		\$ -
2032		\$ -
2033		\$ -
		\$ 58,600,000

FUTURE DEBT HARDWIRED IN FUTURE DEBT TAB

Water Rate Adjustments

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Meter Charge	0.00%	7.00%	7.00%	7.00%	7.00%	3.00%	2.00%	0.00%	0.00%	0.00%
Volume Charge	0.00%	7.00%	7.00%	7.00%	7.00%	3.00%	2.00%	0.00%	0.00%	0.00%
	235	245	223	214	218	217	213	246	263	275

Sewer Rate Adjustments

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Base Charge	0.00%	7.00%	7.00%	4.00%	4.00%	4.00%	2.00%	2.00%	2.00%	2.00%
Volume Charge Residential	0.00%	7.00%	7.00%	4.00%	4.00%	4.00%	2.00%	2.00%	2.00%	2.00%
Volume Charge Non-Residential	0.00%	7.00%	7.00%	4.00%	4.00%	4.00%	2.00%	2.00%	2.00%	2.00%

2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
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Scenario: 2024 01 22 -- Status Quo

Water Rates -- Residential

Monthly Minimum Charge-3/4"	\$	23.55	\$	25.20	\$	26.95	\$	28.85	\$	30.85	\$	31.80	\$	32.45	\$	32.45	\$	32.45	\$	32.45
Volume Rate Per 1,000 Gal																				
1 - 3,000	-		-		-		-		-		-		-		-		-		-	
3,001 - 10,000	3.21		3.45		3.70		3.95		4.25		4.40		4.50		4.50		4.50		4.50	
10,001 - 25,000	4.01		4.30		4.60		4.90		5.25		5.40		5.50		5.50		5.50		5.50	
25,001 - Above	6.02		6.45		6.90		7.40		7.90		8.15		8.30		8.30		8.30		8.30	

Wastewater Rates - Residential

Monthly Minimum Charge	\$	27.96	\$	29.90	\$	32.00	\$	33.30	\$	34.65	\$	36.05	\$	36.75	\$	37.50	\$	38.25	\$	39.00
Volume Rate/1,000 Gal		4.29		4.60		4.90		5.10		5.30		5.50		5.60		5.70		5.80		5.90

5,000 Gal Water & WW	Total	\$	79.38	\$	85.00	\$	90.85	\$	95.55	\$	100.50	\$	104.15	\$	106.20	\$	107.45	\$	108.70	\$	109.95
	Increase -- \$		2.80		5.62		5.85		4.70		4.95		3.65		2.05		1.25		1.25		1.25
	Increase -- %		3.7%		7.1%		6.9%		5.2%		5.2%		3.6%		2.0%		1.2%		1.2%		1.1%
10,000 Gal Water; 5K WW	Total		95.43		102.25		109.35		115.30		121.75		126.15		128.70		129.95		131.20		132.45
	Increase -- \$		2.80		6.82		7.10		5.95		6.45		4.40		2.55		1.25		1.25		1.25
	Increase -- %		3.0%		7.1%		6.9%		5.4%		5.6%		3.6%		2.0%		1.0%		1.0%		1.0%
15,000 Gal Water; 5K WW	Total		115.48		123.75		132.35		139.80		148.00		153.15		156.20		157.45		158.70		159.95
	Increase -- \$		2.80		8.27		8.60		7.45		8.20		5.15		3.05		1.25		1.25		1.25
	Increase -- %		2.5%		7.2%		6.9%		5.6%		5.9%		3.5%		2.0%		0.8%		0.8%		0.8%
30,00 Gal Water; 5K WW	Total	\$	185.68	\$	199.00	\$	212.85	\$	225.80	\$	240.00	\$	247.90	\$	252.70	\$	253.95	\$	255.20	\$	256.45
	Increase -- \$		2.80		13.32		13.85		12.95		14.20		7.90		4.80		1.25		1.25		1.25
	Increase -- %		1.5%		7.2%		7.0%		6.1%		6.3%		3.3%		1.9%		0.5%		0.5%		0.5%

**CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL**

2024 2025 2026 2027 2028 2029 2030 2031 2032 2033

Model Summary**Scenario: 2024 01 22 -- Status Quo**

Fund Balance, Revenues and Expenses																					
Beginning Fund Balance		\$	10,275,778	\$	12,424,880	\$	14,166,625	\$	14,696,453	\$	15,133,575	\$	16,067,914	\$	16,855,815	\$	17,300,704	\$	19,298,162	\$	21,068,439
Revenues and Expenses																					
Water Rate Revenues		\$	10,906,075	\$	11,651,279	\$	12,568,510	\$	13,560,905	\$	14,622,018	\$	15,322,038	\$	15,781,980	\$	15,966,665	\$	16,074,201	\$	16,182,617
WW Rate Revenues			9,774,567		10,489,760		11,309,850		11,951,774		12,542,729		13,142,314		13,558,819		13,917,975		14,283,890		14,654,465
Non-Rate Revenues			909,648		909,648		909,648		909,648		909,648		909,648		909,648		909,648		909,648		909,648
Total Revenues			21,590,290		23,050,687		24,788,008		26,422,327		28,074,395		29,374,000		30,250,447		30,794,288		31,267,739		31,746,730
Operating Expenses			11,417,964		11,862,230		12,326,540		12,811,872		13,318,843		13,847,162		14,398,341		14,973,350		15,574,480		16,203,005
Net Revenues for Transfers,Capital Outlays and Debt			10,172,326		11,188,457		12,461,467		13,610,455		14,755,552		15,526,837		15,852,106		15,820,938		15,693,259		15,543,725
Capital Outlays			171,784		176,938		182,246		187,713		193,344		199,145		205,119		211,273		217,611		224,139
Current Debt Service			5,318,275		5,322,125		5,372,950		5,288,000		5,292,225		5,400,400		5,403,300		3,618,200		3,617,900		3,616,800
Future Debt Service			-		1,338,490		3,689,009		4,929,561		5,484,545		6,202,759		6,774,066		6,878,533		6,878,533		6,878,533
Total Debt Service			5,318,275		6,660,615		9,061,959		10,217,561		10,776,770		11,603,159		12,177,366		10,496,733		10,496,433		10,495,333
Total Contingencies & Transfers			2,533,165		2,609,160		2,687,435		2,768,058		2,851,100		2,936,633		3,024,731		3,115,473		3,208,938		3,305,206
Total Cost of Service			19,441,188		21,308,943		24,258,180		25,985,204		27,140,057		28,586,099		29,805,558		28,796,829		29,497,462		30,227,684
Net Revenues			2,149,102		1,741,745		529,828		437,123		934,338		787,901		444,889		1,997,458		1,770,277		1,519,046
Percent of COS			11.1%		8.2%		2.2%		1.7%		3.4%		2.8%		1.5%		6.9%		6.0%		5.0%
Debt Coverage																					
Excluding Transfers, CO, Debt			1.91		1.68		1.38		1.33		1.37		1.34		1.30		1.51		1.50		1.48
All Inclusive			1.40		1.26		1.06		1.04		1.09		1.07		1.04		1.19		1.17		1.14
Ending Water & Sewer Combined Fund Balance			12,424,880		14,166,625		14,696,453		15,133,575		16,067,914		16,855,815		17,300,704		19,298,162		21,068,439		22,587,485
Unrestricted/Capital Fund Balance from CIP Funding			731,142		939,375		994,254		353,657		300,527		129,266		200,058		202,059		204,079		206,120
One Day Operating Expenditures (Op.Exp+Det Svc)			52,793		57,896		65,961		70,678		73,827		77,772		81,097		78,317		80,219		82,201
Days of Operating Expenditures			235		245		223		214		218		217		213		246		263		275
Fund Balance Goal Days		90																			
Over (Short) of Requirement			4,751,360		5,210,631		5,936,532		6,361,025		6,644,395		6,999,523		7,298,738		7,048,493		7,219,689		7,398,134
			7,673,520		8,955,994		8,759,921		8,772,550		9,423,519		9,856,292		10,001,966		12,249,669		13,848,750		15,189,351

**CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL**

2024 2025 2026 2027 2028 2029 2030 2031 2032 2033

Model Summary**Scenario: 2024 01 22 -- Status Quo****5 Total Accounts****Water Accounts**

Total Accounts	14,412	14,526	14,641	14,757	14,872	14,978	15,080	15,176	15,272	15,369
New Accounts	-	114	115	116	115	106	101	96	97	97
Avg. Annual Growth Rate		0.79%	0.79%	0.79%	0.78%	0.72%	0.68%	0.64%	0.64%	0.64%

Wastewater Accounts

Total Accounts	13,551	13,665	13,780	13,896	14,011	14,118	14,219	14,315	14,411	14,509
New Accounts	-	114	115	116	115	106	101	96	97	97
Avg. Annual Growth Rate		0.84%	0.84%	0.84%	0.83%	0.76%	0.72%	0.67%	0.68%	0.68%

6 Annual Volume**Water Volume**

Res Inside	1,447,101,082	1,458,677,891	1,470,347,314	1,482,110,092	1,493,729,835	1,504,484,690	1,514,715,186	1,524,409,363	1,534,165,583	1,543,984,243
Res Outside	984,500	984,500	984,500	984,500	984,500	984,500	984,500	984,500	984,500	984,500
Total System	1,885,861,113	1,901,393,902	1,917,078,645	1,932,916,973	1,948,590,666	1,963,123,264	1,976,969,795	1,990,110,691	2,003,354,991	2,016,703,588

Wastewater Billing Units

Sewer - Res In	995,824,308	1,003,842,117	1,011,924,068	1,020,070,675	1,028,118,219	1,035,566,763	1,042,652,149	1,049,366,094	1,056,123,008	1,062,923,167
Sewer - Res Out	556,000	556,000	556,000	556,000	556,000	556,000	556,000	556,000	556,000	556,000
Total System	1,237,052,251	1,249,311,258	1,261,698,025	1,274,214,019	1,286,607,793	1,298,106,447	1,309,068,576	1,319,477,741	1,329,974,218	1,340,558,814

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033

Revenue and Expense Summary
Scen: 2024 01 22 -- Status Quo

1 TOTAL Revenues and Expenses -- CASH BASIS

Beginning Fund Balance	\$	10,275,778	\$	12,424,880	\$	14,166,625	\$	14,696,453	\$	15,133,575	\$	16,067,914	\$	16,855,815	\$	17,300,704	\$	19,298,162	\$	21,068,439
Rate Revenues																				
<u>Water Rate Revenue</u>																				
W1 Res Inside	\$	7,831,456	\$	8,355,106	\$	9,012,819	\$	9,719,476	\$	10,479,324	\$	10,978,989	\$	11,302,287	\$	11,429,970	\$	11,503,122	\$	11,576,742
W2 Res Outside		8,282		8,813		9,428		10,087		10,799		11,231		11,479		11,534		11,534		11,534
W3 Comm Inside		1,869,430		2,017,606		2,188,092		2,376,849		2,576,931		2,715,276		2,816,182		2,865,334		2,899,718		2,934,514
W4 Comm Outside		68,482		73,080		78,037		83,482		89,221		92,755		95,065		95,604		95,604		95,604
W5 Sprinkler Inside		1,109,661		1,177,702		1,259,833		1,349,290		1,442,502		1,499,628		1,532,265		1,539,400		1,539,400		1,539,400
W6 Sprinkler Outside		18,763		18,973		20,301		21,721		23,242		24,159		24,702		24,823		24,823		24,823
Total		10,906,075		11,651,279		12,568,510		13,560,905		14,622,018		15,322,038		15,781,980		15,966,665		16,074,201		16,182,617
<u>Wastewater Rate Revenue</u>																				
WW1 Sewer - Res In		8,544,812		9,160,410		9,866,459		10,414,837		10,917,802		11,428,850		11,780,138		12,082,031		12,389,387		12,700,196
WW2 Sewer - Res Out		5,542		5,890		6,290		6,586		6,848		7,116		7,284		7,420		7,558		7,695
WW3 Sewer - Comm Inside		1,183,816		1,280,532		1,391,270		1,482,370		1,568,189		1,654,515		1,718,350		1,774,496		1,831,925		1,890,566
WW4 Sewer - Comm Out		40,397		42,927		45,831		47,982		49,890		51,832		53,048		54,028		55,022		56,008
WW5 Other5		-		-		-		-		-		-		-		-		-		-
Total		9,774,567		10,489,760		11,309,850		11,951,774		12,542,729		13,142,314		13,558,819		13,917,975		14,283,890		14,654,465
Non-Rate Revenues		909,648		909,648		909,648		909,648		909,648		909,648		909,648		909,648		909,648		909,648
Total Revenues		21,590,290		23,050,687		24,788,008		26,422,327		28,074,395		29,374,000		30,250,447		30,794,288		31,267,739		31,746,730

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Revenue and Expense Summary											
Scen: 2024 01 22 -- Status Quo											
Cost of Service											
Cost Center Code											
3648	Utility Customer Service	353,276	364,041	375,138	386,580	398,376	410,539	423,079	436,010	449,344	463,093
3650	Water Utilities	994,365	1,026,866	1,060,555	1,095,484	1,131,711	1,169,292	1,208,290	1,248,772	1,290,805	1,334,465
3651	Sewer Utilities	625,052	644,450	664,476	685,152	706,502	728,549	751,319	774,837	799,132	824,232
3655	Water Operations	1,053,300	1,085,935	1,119,607	1,154,349	1,190,197	1,227,188	1,265,360	1,304,753	1,345,407	1,387,366
3656	Sewer Operations	917,840	946,112	975,270	1,005,341	1,036,354	1,068,341	1,101,332	1,135,360	1,170,458	1,206,661
401	GF Finance Utility Billing	583,207	600,703	618,724	637,286	656,405	676,097	696,380	717,271	738,789	760,953
611	HR Insurance	267,160	275,175	283,430	291,933	300,691	309,712	319,003	328,573	338,430	348,583
	Total	11,417,964	11,862,230	12,326,540	12,811,872	13,318,843	13,847,162	14,398,341	14,973,350	15,574,480	16,203,005
Budget Code											
40	Personnel Svcs	3,311,328	3,413,698	3,519,344	3,628,380	3,740,921	3,857,090	3,977,014	4,100,825	4,228,660	4,360,663
50	Supplies	306,300	316,258	326,566	337,240	348,294	359,743	371,604	383,895	396,634	409,839
60	Maintenance	694,520	716,466	739,158	762,628	786,905	812,022	838,014	864,916	892,766	921,603
70	Services	1,441,583	1,485,178	1,530,097	1,576,383	1,624,076	1,673,220	1,723,860	1,776,041	1,829,811	1,885,218
80	Capital Outlay	-	-	-	-	-	-	-	-	-	-
90	Other	11,608	11,956	12,315	12,684	13,065	13,457	13,861	14,276	14,705	15,146
COH	Purchase Water	2,653,885	2,769,998	2,892,949	3,023,141	3,160,596	3,304,394	3,455,391	3,613,869	3,781,401	3,958,508
COH	Purchase Water	-	-	-	-	-	-	-	-	-	-
	Total	11,417,964	11,862,230	12,326,540	12,811,872	13,318,843	13,847,162	14,398,341	14,973,350	15,574,480	16,203,005
	Total Operating Expenses	11,417,964	11,862,230	12,326,540	12,811,872	13,318,843	13,847,162	14,398,341	14,973,350	15,574,480	16,203,005
	Net Revenues for Transfers,CO and Debt Service	10,172,326	11,188,457	12,461,467	13,610,455	14,755,552	15,526,837	15,852,106	15,820,938	15,693,259	15,543,725
	Capital Outlays	171,784	176,938	182,246	187,713	193,344	199,145	205,119	211,273	217,611	224,139
	Debt Service										
	Debt Service -- Current	5,318,275	5,322,125	5,372,950	5,288,000	5,292,225	5,400,400	5,403,300	3,618,200	3,617,900	3,616,800
	Debt Service -- Future	-	1,338,490	3,689,009	4,929,561	5,484,545	6,202,759	6,774,066	6,878,533	6,878,533	6,878,533
	Total Debt Service	5,318,275	6,660,615	9,061,959	10,217,561	10,776,770	11,603,159	12,177,366	10,496,733	10,496,433	10,495,333
	Net Revenues for Contingencies & Transfers	4,682,267	4,350,905	3,217,262	3,205,181	3,785,438	3,724,533	3,469,621	5,112,932	4,979,214	4,824,252
	Total Contingencies & Transfers	2,533,165	2,609,160	2,687,435	2,768,058	2,851,100	2,936,633	3,024,731	3,115,473	3,208,938	3,305,206
	Total Cost of Service	19,441,188	21,308,943	24,258,180	25,985,204	27,140,057	28,586,099	29,805,558	28,796,829	29,497,462	30,227,684
	Net Revenues	2,149,102	1,741,745	529,828	437,123	934,338	787,901	444,889	1,997,458	1,770,277	1,519,046
	Percent of COS	10.0%	7.6%	2.1%	1.7%	3.3%	2.7%	1.5%	6.5%	5.7%	4.8%
	Ending Fund Balance	12,424,880	14,166,625	14,696,453	15,133,575	16,067,914	16,855,815	17,300,704	19,298,162	21,068,439	22,587,485
	Revenue Adequacy Tests										
	Total Operating + Debt Service + Transfers	19,269,404	21,132,005	24,075,935	25,797,491	26,946,712	28,386,954	29,600,439	28,585,557	29,279,852	30,003,545
	Expenses Per Day	52,793	57,896	65,961	70,678	73,827	77,772	81,097	78,317	80,219	82,201
	Days of Operating Expenses	235	245	223	214	218	217	213	246	263	275
	Debt Coverage										
	Excluding Cap Outlays, G/F Transfers	1.91	1.68	1.38	1.33	1.37	1.34	1.30	1.51	1.50	1.48
	All Inclusive	1.40	1.26	1.06	1.04	1.09	1.07	1.04	1.19	1.17	1.14

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Revenue and Expense Summary											
Scen: 2024 01 22 -- Status Quo											
2	WATER Revenues and Expenses -- CASH BASIS										
Water Revenues											
Water Rate Revenue											
W1	Res Inside	\$ 7,831,456	\$ 8,355,106	\$ 9,012,819	\$ 9,719,476	\$ 10,479,324	\$ 10,978,989	\$ 11,302,287	\$ 11,429,970	\$ 11,503,122	\$ 11,576,742
W2	Res Outside	8,282	8,813	9,428	10,087	10,799	11,231	11,479	11,534	11,534	11,534
W3	Comm Inside	1,869,430	2,017,606	2,188,092	2,376,849	2,576,931	2,715,276	2,816,182	2,865,334	2,899,718	2,934,514
W4	Comm Outside	68,482	73,080	78,037	83,482	89,221	92,755	95,065	95,604	95,604	95,604
W5	Sprinkler Inside	1,109,661	1,177,702	1,259,833	1,349,290	1,442,502	1,499,628	1,532,265	1,539,400	1,539,400	1,539,400
W6	Sprinkler Outside	18,763	18,973	20,301	21,721	23,242	24,159	24,702	24,823	24,823	24,823
		10,906,075	11,651,279	12,568,510	13,560,905	14,622,018	15,322,038	15,781,980	15,966,665	16,074,201	16,182,617
	Non-Rate Revenues	675,936	675,936	675,936	675,936	675,936	675,936	675,936	675,936	675,936	675,936
	Total Revenues	11,582,011	12,327,215	13,244,446	14,236,841	15,297,954	15,997,974	16,457,916	16,642,601	16,750,137	16,858,553
Water Cost of Service											
Cost Center Code											
3648	Utility Customer Service	182,075	187,623	193,343	199,240	205,319	211,588	218,051	224,716	231,588	238,674
3650	Water Utilities	994,365	1,026,866	1,060,555	1,095,484	1,131,711	1,169,292	1,208,290	1,248,772	1,290,805	1,334,465
3651	Sewer Utilities	-	-	-	-	-	-	-	-	-	-
3655	Water Operations	1,053,300	1,085,935	1,119,607	1,154,349	1,190,197	1,227,188	1,265,360	1,304,753	1,345,407	1,387,366
3656	Sewer Operations	-	-	-	-	-	-	-	-	-	-
401	GF Finance Utility Billing	300,579	309,597	318,885	328,451	338,305	348,454	358,908	369,675	380,765	392,188
611	HR Insurance	133,580	137,587	141,715	145,966	150,345	154,856	159,502	164,287	169,215	174,292
	Total	5,803,354	6,017,743	6,242,194	6,477,227	6,722,985	6,978,679	7,245,296	7,523,259	7,814,286	8,119,050
Budget Code											
40	Personnel Svcs	1,748,248	1,803,228	1,860,038	1,918,744	1,979,418	2,042,133	2,106,969	2,174,005	2,243,327	2,315,023
50	Supplies	202,857	208,943	215,211	221,668	228,318	235,167	242,222	249,489	256,974	264,683
60	Maintenance	407,764	421,106	434,938	449,281	464,158	479,593	495,612	512,241	529,511	547,451
70	Services	784,618	808,305	832,710	857,855	883,763	910,456	937,959	966,297	995,495	1,025,579
80	Capital Outlay	-	-	-	-	-	-	-	-	-	-
90	Other	5,983	6,162	6,347	6,537	6,734	6,936	7,144	7,358	7,579	7,806
COH	Purchase Water	2,653,885	2,769,998	2,892,949	3,023,141	3,160,596	3,304,394	3,455,391	3,613,869	3,781,401	3,958,508
	Total	5,803,354	6,017,743	6,242,194	6,477,227	6,722,985	6,978,679	7,245,296	7,523,259	7,814,286	8,119,050
	Total Operating Expenses	5,803,354	6,017,743	6,242,194	6,477,227	6,722,985	6,978,679	7,245,296	7,523,259	7,814,286	8,119,050

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue and Expense Summary										
Scen: 2024 01 22 -- Status Quo										
Net Revenues for Transfers,CO and Debt Service	5,778,656	6,309,472	7,002,252	7,759,614	8,574,969	9,019,294	9,212,620	9,119,342	8,935,850	8,739,503
Capital Outlays	84,939	87,487	90,112	92,815	95,600	98,468	101,422	104,465	107,599	110,827
Debt Service										
Debt Service -- Current	4,163,100	4,164,148	4,219,104	4,129,934	4,133,254	4,243,063	4,246,702	2,459,797	2,461,407	2,460,684
Debt Service -- Future	-	359,107	1,338,490	1,860,828	2,121,997	2,742,272	3,052,410	3,052,410	3,052,410	3,052,410
Total Debt Service	4,163,100	4,523,255	5,557,594	5,990,762	6,255,251	6,985,335	7,299,112	5,512,207	5,513,817	5,513,094
Net Revenues for Contingencies & Transfers	1,530,617	1,698,729	1,354,546	1,676,037	2,224,118	1,935,491	1,812,085	3,502,670	3,314,434	3,115,582
Total Contingencies & Transfers	1,266,583	1,304,580	1,343,717	1,384,029	1,425,550	1,468,316	1,512,366	1,557,737	1,604,469	1,652,603
Total Cost of Service	11,317,976	11,933,066	13,233,617	13,944,833	14,499,386	15,530,799	16,158,196	14,697,668	15,040,171	15,395,574
Net Revenues	264,034	394,149	10,828	292,008	798,569	467,175	299,720	1,944,933	1,709,966	1,462,979
Percent of COS	2.3%	3.2%	0.1%	2.1%	5.2%	2.9%	1.8%	11.7%	10.2%	8.7%
Debt Coverage	1.39	1.39	1.26	1.30	1.37	1.29	1.26	1.65	1.62	1.59

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Revenue and Expense Summary											
Scen: 2024 01 22 -- Status Quo											
3	WASTEWATER Revenues and Expenses – CASH BASIS										
Wastewater Revenues											
Wastewater Rate Revenue											
WW1	Sewer - Res In	\$ 8,544,812	\$ 9,160,410	\$ 9,866,459	\$ 10,414,837	\$ 10,917,802	\$ 11,428,850	\$ 11,780,138	\$ 12,082,031	\$ 12,389,387	\$ 12,700,196
WW2	Sewer - Res Out	5,542	5,890	6,290	6,586	6,848	7,116	7,284	7,420	7,558	7,695
WW3	Sewer - Comm Inside	1,183,816	1,280,532	1,391,270	1,482,370	1,568,189	1,654,515	1,718,350	1,774,496	1,831,925	1,890,566
WW4	Sewer - Comm Out	40,397	42,927	45,831	47,982	49,890	51,832	53,048	54,028	55,022	56,008
WW5	Other5	-	-	-	-	-	-	-	-	-	-
		9,774,567	10,489,760	11,309,850	11,951,774	12,542,729	13,142,314	13,558,819	13,917,975	14,283,890	14,654,465
	Non-Rate Revenues	233,712	233,712	233,712	233,712	233,712	233,712	233,712	233,712	233,712	233,712
	Total Revenues	10,008,279	10,723,472	11,543,562	12,185,486	12,776,441	13,376,026	13,792,531	14,151,687	14,517,602	14,888,177
Wastewater Cost of Service											
Cost Center Code											
3648	Utility Customer Service	171,201	176,417	181,796	187,340	193,057	198,951	205,028	211,295	217,756	224,419
3650	Water Utilities	-	-	-	-	-	-	-	-	-	-
3651	Sewer Utilities	625,052	644,450	664,476	685,152	706,502	728,549	751,319	774,837	799,132	824,232
3655	Water Operations	-	-	-	-	-	-	-	-	-	-
3656	Sewer Operations	917,840	946,112	975,270	1,005,341	1,036,354	1,068,341	1,101,332	1,135,360	1,170,458	1,206,661
401	GF Finance Utility Billing	282,628	291,106	299,840	308,835	318,100	327,643	337,472	347,596	358,024	368,765
611	HR Insurance	133,580	137,587	141,715	145,966	150,345	154,856	159,502	164,287	169,215	174,292
	Total	5,614,609	5,844,487	6,084,347	6,334,645	6,595,857	6,868,483	7,153,045	7,450,091	7,760,194	8,083,955
Budget Code											
40	Personnel Svcs	1,563,080	1,610,470	1,659,307	1,709,636	1,761,503	1,814,957	1,870,046	1,926,820	1,985,334	2,045,639
50	Supplies	103,443	107,315	111,355	115,572	119,976	124,576	129,382	134,406	139,660	145,156
60	Maintenance	286,756	295,359	304,220	313,346	322,747	332,429	342,402	352,674	363,254	374,152
70	Services	656,965	676,873	697,387	718,528	740,314	762,765	785,901	809,744	834,316	859,639
80	Capital Outlay	-	-	-	-	-	-	-	-	-	-
90	Other	5,625	5,794	5,968	6,147	6,331	6,521	6,717	6,918	7,126	7,340
COH	Purchase Water	-	-	-	-	-	-	-	-	-	-
	Total	5,614,609	5,844,487	6,084,347	6,334,645	6,595,857	6,868,483	7,153,045	7,450,091	7,760,194	8,083,955
	Total Operating Expenses	5,614,609	5,844,487	6,084,347	6,334,645	6,595,857	6,868,483	7,153,045	7,450,091	7,760,194	8,083,955

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue and Expense Summary										
Scen: 2024 01 22 -- Status Quo										
Net Revenues for Transfers,CO and Debt Service	4,393,670	4,878,985	5,459,215	5,850,841	6,180,583	6,507,543	6,639,486	6,701,596	6,757,408	6,804,221
Capital Outlays	86,845	89,450	92,134	94,898	97,744	100,677	103,697	106,808	110,012	113,313
Debt Service										
Debt Service -- Current	1,155,175	1,157,977	1,153,846	1,158,066	1,158,971	1,157,337	1,156,598	1,158,403	1,156,493	1,156,116
Debt Service -- Future	-	979,383	2,350,519	3,068,733	3,362,548	3,460,487	3,721,656	3,826,123	3,826,123	3,826,123
Total Debt Service	1,155,175	2,137,360	3,504,365	4,226,799	4,521,519	4,617,824	4,878,254	4,984,526	4,982,616	4,982,239
Net Revenues for Contingencies & Transfers	3,151,650	2,652,175	1,862,716	1,529,144	1,561,320	1,789,042	1,657,536	1,610,261	1,664,780	1,708,670
Total Contingencies & Transfers	1,266,583	1,304,580	1,343,717	1,384,029	1,425,550	1,468,316	1,512,366	1,557,737	1,604,469	1,652,603
Total Cost of Service	8,123,212	9,375,877	11,024,563	12,040,371	12,640,671	13,055,300	13,647,362	14,099,162	14,457,291	14,832,110
Net Revenues	1,885,068	1,347,595	518,999	145,115	135,770	320,726	145,170	52,525	60,311	56,067
Percent of COS	18.8%	12.6%	4.5%	1.2%	1.1%	2.4%	1.1%	0.4%	0.4%	0.4%
Debt Coverage (excludes Debt, Cap Outlays, G/F Transfers)	3.80	2.28	1.56	1.38	1.37	1.41	1.36	1.34	1.36	1.37

**CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL**

2024 2025 2026 2027 2028 2029 2030 2031 2032 2033

Revenue Summary**Scenario: 2024 01 22 -- Status Quo****WATER Revenues -- Total**

W1	Res Inside	\$ 7,831,456	\$ 8,355,106	\$ 9,012,819	\$ 9,719,476	\$ 10,479,324	\$ 10,978,989	\$ 11,302,287	\$ 11,429,970	\$ 11,503,122	\$ 11,576,742
W2	Res Outside	8,282	8,813	9,428	10,087	10,799	11,231	11,479	11,534	11,534	11,534
	Total Rate Revenue	10,906,075	11,651,279	12,568,510	13,560,905	14,622,018	15,322,038	15,781,980	15,966,665	16,074,201	16,182,617
	Non-Rate Revenue	675,936	675,936	675,936	675,936	675,936	675,936	675,936	675,936	675,936	675,936
	Total Revenue	11,582,011	12,327,215	13,244,446	14,236,841	15,297,954	15,997,974	16,457,916	16,642,601	16,750,137	16,858,553

Water Revenues -- Additional

W1	Res Inside		523,650	657,713	706,656	759,848	499,666	323,298	127,683	73,152	73,620
W2	Res Outside		531	615	659	713	431	249	55	-	-
	Total Rate Revenue		745,205	917,230	992,395	1,061,114	700,019	459,942	184,685	107,536	108,417
	Non-Rate Revenue		-	-	-	-	-	-	-	-	-
	Total Revenue		745,205	917,230	992,395	1,061,114	700,019	459,942	184,685	107,536	108,417

WASTEWATER Revenues -- Total

WW1	Sewer - Res In	\$ 8,544,812	\$ 9,160,410	\$ 9,866,459	\$ 10,414,837	\$ 10,917,802	\$ 11,428,850	\$ 11,780,138	\$ 12,082,031	\$ 12,389,387	\$ 12,700,196
WW2	Sewer - Res Out	5,542	5,890	6,290	6,586	6,848	7,116	7,284	7,420	7,558	7,695
	Total Rate Revenue	9,774,567	10,489,760	11,309,850	11,951,774	12,542,729	13,142,314	13,558,819	13,917,975	14,283,890	14,654,465
	Non-Rate Revenue	233,712	233,712	233,712	233,712	233,712	233,712	233,712	233,712	233,712	233,712
	Total Revenue	10,008,279	10,723,472	11,543,562	12,185,486	12,776,441	13,376,026	13,792,531	14,151,687	14,517,602	14,888,177

WASTEWATER Revenues -- Additional

WW1	Sewer - Res In		615,598	706,049	548,377	502,965	511,049	351,288	301,893	307,355	310,809
WW2	Sewer - Res Out		348	400	296	262	268	168	136	138	137
	Total Rate Revenue		715,193	820,090	641,924	590,955	599,585	416,506	359,155	365,916	370,574
	Non-Rate Revenue		-	-	-	-	-	-	-	-	-
	Total Revenue		715,193	820,090	641,924	590,955	599,585	416,506	359,155	365,916	370,574

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL											
Current	2025	2026	2027	2028	2029	2030	2031	2032	2033		
2024											

Water Summary

Scen: 2024 01 22 -- Status Quo

1 Water Monthly Rates and Charges**Res Inside****Monthly Minimum Charge**

Base Charge	3/4"	\$	23.55	\$	25.20	\$	26.95	\$	28.85	\$	30.85	\$	31.80	\$	32.45	\$	32.45	\$	32.45	\$	32.45
	1"		23.55		25.20		26.95		28.85		30.85		31.80		32.45		32.45		32.45		32.45
	1 1/2"		92.09		98.55		105.45		112.85		120.75		124.35		126.85		126.85		126.85		126.85
	2"		147.43		157.75		168.80		180.60		193.25		199.05		203.05		203.05		203.05		203.05

Volume Rate/1,000 Gal

1	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	10,000	3.21	3.45	3.70	3.95	4.25	4.40	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
10,001	25,000	4.01	4.30	4.60	4.90	5.25	5.40	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
25,001	Above	6.02	6.45	6.90	7.40	7.90	8.15	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30	8.30

Commercial**Monthly Minimum Charge**

3/4"	\$	23.55	\$	25.20	\$	26.95	\$	28.85	\$	30.85	\$	31.80	\$	32.45	\$	32.45	\$	32.45	\$	32.45
1"		23.55		25.20		26.95		28.85		30.85		31.80		32.45		32.45		32.45		32.45
1 1/2"		92.09		98.55		105.45		112.85		120.75		124.35		126.85		126.85		126.85		126.85
2"		147.43		157.75		168.80		180.60		193.25		199.05		203.05		203.05		203.05		203.05
3"		265.20		283.75		303.60		324.85		347.60		358.05		365.20		365.20		365.20		365.20
4"		433.43		463.75		496.20		530.95		568.10		585.15		596.85		596.85		596.85		596.85
6"		854.02		913.80		977.75		1,046.20		1,119.45		1,153.05		1,176.10		1,176.10		1,176.10		1,176.10

Volume Rate Per 1,000 Gal - Commercial

1	Above	\$	4.90	\$	5.25	\$	5.60	\$	6.00	\$	6.40	\$	6.60	\$	6.75	\$	6.75	\$	6.75	\$	6.75
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2.1 Residential Monthly Charge

5,000 Gallons	Total	\$	29.97	\$	32.10	\$	34.35	\$	36.75	\$	39.35	\$	40.60	\$	41.45	\$	41.45	\$	41.45	\$	41.45
	Dollar Inc		0.82		2.13		2.25		2.40		2.60		1.25		0.85		-		-		-
	Percent Inc		2.8%		7.1%		7.0%		7.0%		7.1%		3.2%		2.1%		0.0%		0.0%		0.0%
10,000 Gallons	Total		46.02		49.35		52.85		56.50		60.60		62.60		63.95		63.95		63.95		63.95
	Dollar Inc		0.82		3.33		3.50		3.65		4.10		2.00		1.35		-		-		-
	Percent Inc		1.8%		7.2%		7.1%		6.9%		7.3%		3.3%		2.2%		0.0%		0.0%		0.0%
20,000 Gallons	Total		86.12		92.35		98.85		105.50		113.10		116.60		118.95		118.95		118.95		118.95
	Dollar Inc		0.82		6.23		6.50		6.65		7.60		3.50		2.35		-		-		-
	Percent Inc		1.0%		7.2%		7.0%		6.7%		7.2%		3.1%		2.0%		0.0%		0.0%		0.0%
30,000 Gallons	Total		136.27		146.10		156.35		167.00		178.85		184.35		187.95		187.95		187.95		187.95
	Dollar Inc		0.82		9.83		10.25		10.65		11.85		5.50		3.60		-		-		-
	Percent Inc		0.6%		7.2%		7.0%		6.8%		7.1%		3.1%		2.0%		0.0%		0.0%		0.0%

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL											
		Current 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water Summary											
Scen: 2024 01 22 -- Status Quo											
2.2 Commercial Monthly Charge -- 1 1/2" Meter											
10,000 Gallons	Total	141.09	151.05	161.45	172.85	184.75	190.35	194.35	194.35	194.35	194.35
	Dollar Inc	12.84	9.96	10.40	11.40	11.90	5.60	4.00	-	-	-
	Percent Inc	10.0%	7.1%	6.9%	7.1%	6.9%	3.0%	2.1%	0.0%	0.0%	0.0%
20,000 Gallons	Total	190.09	203.55	217.45	232.85	248.75	256.35	261.85	261.85	261.85	261.85
	Dollar Inc	12.84	13.46	13.90	15.40	15.90	7.60	5.50	-	-	-
	Percent Inc	7.2%	7.1%	6.8%	7.1%	6.8%	3.1%	2.1%	0.0%	0.0%	0.0%
40,000 Gallons	Total	288.09	308.55	329.45	352.85	376.75	388.35	396.85	396.85	396.85	396.85
	Dollar Inc	12.84	20.46	20.90	23.40	23.90	11.60	8.50	-	-	-
	Percent Inc	4.7%	7.1%	6.8%	7.1%	6.8%	3.1%	2.2%	0.0%	0.0%	0.0%
3 Total Accounts											
Total Accounts		14,412	14,526	14,641	14,757	14,872	14,978	15,080	15,176	15,272	15,369
New Accounts			114	115	116	115	106	101	96	97	97
Avg. Annual Growth Rate			0.79%	0.79%	0.79%	0.78%	0.72%	0.68%	0.64%	0.64%	0.64%
4 Annual Water Consumption											
W.1	Res Inside	1,447,101,082	1,458,677,891	1,470,347,314	1,482,110,092	1,493,729,835	1,504,484,690	1,514,715,186	1,524,409,363	1,534,165,583	1,543,984,243
W.2	Res Outside	984,500	984,500	984,500	984,500	984,500	984,500	984,500	984,500	984,500	984,500
W.3	Comm Inside	263,732,031	267,688,011	271,703,331	275,778,881	279,832,831	283,610,574	287,226,609	290,673,328	294,161,408	297,691,345
W.4	Comm Outside	5,144,000	5,144,000	5,144,000	5,144,000	5,144,000	5,144,000	5,144,000	5,144,000	5,144,000	5,144,000
W.5	Sprinkler Inside	168,899,500	168,899,500	168,899,500	168,899,500	168,899,500	168,899,500	168,899,500	168,899,500	168,899,500	168,899,500
W.6	Sprinkler Outside	-	-	-	-	-	-	-	-	-	-
W.7	Other7	-	-	-	-	-	-	-	-	-	-
W.8	Other8	-	-	-	-	-	-	-	-	-	-
W.9	Other9	-	-	-	-	-	-	-	-	-	-
W.10	Other10	-	-	-	-	-	-	-	-	-	-
Total System		1,885,861,113	1,901,393,902	1,917,078,645	1,932,916,973	1,948,590,666	1,963,123,264	1,976,969,795	1,990,110,691	2,003,354,991	2,016,703,588

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL										
	Current 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033

Water Summary
Scen: 2024 01 22 -- Status Quo

5 Revenues and Expenses -- CASH BASIS

Water Revenues

Water Rate Revenue

W.1	Res Inside	\$ 7,831,456	\$ 8,355,106	\$ 9,012,819	\$ 9,719,476	\$ 10,479,324	\$ 10,978,989	\$ 11,302,287	\$ 11,429,970	\$ 11,503,122	\$ 11,576,742
W.2	Res Outside	8,282	8,813	9,428	10,087	10,799	11,231	11,479	11,534	11,534	11,534
W.3	Comm Inside	1,869,430	2,017,606	2,188,092	2,376,849	2,576,931	2,715,276	2,816,182	2,865,334	2,899,718	2,934,514
W.4	Comm Outside	68,482	73,080	78,037	83,482	89,221	92,755	95,065	95,604	95,604	95,604
W.5	Sprinkler Inside	1,109,661	1,177,702	1,259,833	1,349,290	1,442,502	1,499,628	1,532,265	1,539,400	1,539,400	1,539,400
W.6	Sprinkler Outside	18,763	18,973	20,301	21,721	23,242	24,159	24,702	24,823	24,823	24,823
W.7	Other7	-	-	-	-	-	-	-	-	-	-
W.8	Other8	-	-	-	-	-	-	-	-	-	-
W.9	Other9	-	-	-	-	-	-	-	-	-	-
W.10	Other10	-	-	-	-	-	-	-	-	-	-
		10,906,075	11,651,279	12,568,510	13,560,905	14,622,018	15,322,038	15,781,980	15,966,665	16,074,201	16,182,617
	Non-Rate Revenues	675,936	675,936	675,936	675,936	675,936	675,936	675,936	675,936	675,936	675,936
	Total Revenues	11,582,011	12,327,215	13,244,446	14,236,841	15,297,954	15,997,974	16,457,916	16,642,601	16,750,137	16,858,553

Water Cost of Service

Cost Center Code

3648	Utility Customer Service	\$ 182,075	\$ 187,623	\$ 193,343	\$ 199,240	\$ 205,319	\$ 211,588	\$ 218,051	\$ 224,716	\$ 231,588	\$ 238,674
3650	Water Utilities	994,365	1,026,866	1,060,555	1,095,484	1,131,711	1,169,292	1,208,290	1,248,772	1,290,805	1,334,465
3651	Sewer Utilities	-	-	-	-	-	-	-	-	-	-
3655	Water Operations	1,053,300	1,085,935	1,119,607	1,154,349	1,190,197	1,227,188	1,265,360	1,304,753	1,345,407	1,387,366
3656	Sewer Operations	-	-	-	-	-	-	-	-	-	-
401	GF Finance Utility Billing	300,579	309,597	318,885	328,451	338,305	348,454	358,908	369,675	380,765	392,188
611	HR Insurance	133,580	137,587	141,715	145,966	150,345	154,856	159,502	164,287	169,215	174,292
na	#N/A	-	-	-	-	-	-	-	-	-	-
	Total	5,803,354	6,017,743	6,242,194	6,477,227	6,722,985	6,978,679	7,245,296	7,523,259	7,814,286	8,119,050

Budget Code

40	Personnel Svcs	\$ 1,748,248	\$ 1,803,228	\$ 1,860,038	\$ 1,918,744	\$ 1,979,418	\$ 2,042,133	\$ 2,106,969	\$ 2,174,005	\$ 2,243,327	\$ 2,315,023
50	Supplies	202,857	208,943	215,211	221,668	228,318	235,167	242,222	249,489	256,974	264,683
60	Maintenance	407,764	421,106	434,938	449,281	464,158	479,593	495,612	512,241	529,511	547,451
70	Services	784,618	808,305	832,710	857,855	883,763	910,456	937,959	966,297	995,495	1,025,579
80	Capital Outlay	-	-	-	-	-	-	-	-	-	-
90	Other	5,983	6,162	6,347	6,537	6,734	6,936	7,144	7,358	7,579	7,806
COH	Purchase Water	2,653,885	2,769,998	2,892,949	3,023,141	3,160,596	3,304,394	3,455,391	3,613,869	3,781,401	3,958,508
	Total	5,803,354	6,017,743	6,242,194	6,477,227	6,722,985	6,978,679	7,245,296	7,523,259	7,814,286	8,119,050
	Total Operating Expenses	5,803,354	6,017,743	6,242,194	6,477,227	6,722,985	6,978,679	7,245,296	7,523,259	7,814,286	8,119,050
	Net Revenues for Transfers,Capital Outlays and Debt Service	5,778,656	6,309,472	7,002,252	7,759,614	8,574,969	9,019,294	9,212,620	9,119,342	8,935,850	8,739,503

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL										
	Current 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Water Summary										
Scen: 2024 01 22 -- Status Quo										
Capital Outlays	84,939	87,487	90,112	92,815	95,600	98,468	101,422	104,465	107,599	110,827
Debt Service										
Debt Service -- Current	4,163,100	4,164,148	4,219,104	4,129,934	4,133,254	4,243,063	4,246,702	2,459,797	2,461,407	2,460,684
Debt Service -- Future	-	359,107	1,338,490	1,860,828	2,121,997	2,742,272	3,052,410	3,052,410	3,052,410	3,052,410
Total Debt Service	4,163,100	4,523,255	5,557,594	5,990,762	6,255,251	6,985,335	7,299,112	5,512,207	5,513,817	5,513,094
Net Revenues for Contingencies & Transfers	1,530,617	1,698,729	1,354,546	1,676,037	2,224,118	1,935,491	1,812,085	3,502,670	3,314,434	3,115,582
Total Contingencies & Transfers	1,266,583	1,304,580	1,343,717	1,384,029	1,425,550	1,468,316	1,512,366	1,557,737	1,604,469	1,652,603
Total Cost of Service	11,317,976	11,933,066	13,233,617	13,944,833	14,499,386	15,530,799	16,158,196	14,697,668	15,040,171	15,395,574
Net Revenues	264,034	394,149	10,828	292,008	798,569	467,175	299,720	1,944,933	1,709,966	1,462,979
Percent of COS	2.3%	3.2%	0.1%	2.1%	5.2%	2.9%	1.8%	11.7%	10.2%	8.7%
Debt Coverage										
Excludes Capital Outlays, G/F Transfers	1.39	1.39	1.26	1.30	1.37	1.29	1.26	1.65	1.62	1.59
All Inclusive	1.06	1.09	1.00	1.05	1.13	1.07	1.04	1.35	1.31	1.27

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL											
	Current	2025	2026	2027	2028	2029	2030	2031	2032	2033	
	2024										

Wastewater Summary

Scen: 2024 01 22 -- Status Quo

1 Wastewater Monthly Rates and Charges**Sewer - Res In**

Monthly Minimum Charge	\$	27.96	\$	29.90	\$	32.00	\$	33.30	\$	34.65	\$	36.05	\$	36.75	\$	37.50	\$	38.25	\$	39.00
Volume Rate/1,000 Gal		4.29		4.60		4.90		5.10		5.30		5.50		5.60		5.70		5.80		5.90

Commercial

Monthly Minimum Charge	3/4"	\$	27.96	\$	29.90	\$	32.00	\$	33.30	\$	34.65	\$	36.05	\$	36.75	\$	37.50	\$	38.25	\$	39.00
	1"		27.96		29.90		32.00		33.30		34.65		36.05		36.75		37.50		38.25		39.00
	1 1/2"		27.96		29.90		32.00		33.30		34.65		36.05		36.75		37.50		38.25		39.00
	2"		27.96		29.90		32.00		33.30		34.65		36.05		36.75		37.50		38.25		39.00
	3"		27.96		29.90		32.00		33.30		34.65		36.05		36.75		37.50		38.25		39.00
	4"		27.96		29.90		32.00		33.30		34.65		36.05		36.75		37.50		38.25		39.00
	6"		27.96		29.90		32.00		33.30		34.65		36.05		36.75		37.50		38.25		39.00
	8"		27.96		29.90		32.00		33.30		34.65		36.05		36.75		37.50		38.25		39.00
	10"		27.96		29.90		32.00		33.30		34.65		36.05		36.75		37.50		38.25		39.00
	12"		27.96		29.90		32.00		33.30		34.65		36.05		36.75		37.50		38.25		39.00
Volume Rate/1,000 Gal		\$	4.29	\$	4.60	\$	4.90	\$	5.10	\$	5.30	\$	5.50	\$	5.60	\$	5.70	\$	5.80	\$	5.90

2.1 Residential Monthly Charge

5,000 Gallons	Total	\$	49.41	\$	52.90	\$	56.50	\$	58.80	\$	61.15	\$	63.55	\$	64.75	\$	66.00	\$	67.25	\$	68.50
	Dollar Inc		1.98		3.49		3.60		2.30		2.35		2.40		1.20		1.25		1.25		1.25
	Percent Inc		4.2%		7.1%		6.8%		4.1%		4.0%		3.9%		1.9%		1.9%		1.9%		1.9%
10,000 Gallons	Total		70.86		75.90		81.00		84.30		87.65		91.05		92.75		94.50		96.25		98.00
	Dollar Inc		2.63		5.04		5.10		3.30		3.35		3.40		1.70		1.75		1.75		1.75
	Percent Inc		3.9%		7.1%		6.7%		4.1%		4.0%		3.9%		1.9%		1.9%		1.9%		1.8%
20,000 Gallons	Total		113.76		121.90		130.00		135.30		140.65		146.05		148.75		151.50		154.25		157.00
	Dollar Inc		3.93		8.14		8.10		5.30		5.35		5.40		2.70		2.75		2.75		2.75
	Percent Inc		3.6%		7.2%		6.6%		4.1%		4.0%		3.8%		1.8%		1.8%		1.8%		1.8%
30,000 Gallons	Total		156.66		167.90		179.00		186.30		193.65		201.05		204.75		208.50		212.25		216.00
	Dollar Inc		5.23		11.24		11.10		7.30		7.35		7.40		3.70		3.75		3.75		3.75
	Percent Inc		3.5%		7.2%		6.6%		4.1%		3.9%		3.8%		1.8%		1.8%		1.8%		1.8%

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL											
	Current 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Wastewater Summary											
Scen: 2024 01 22 -- Status Quo											
2.2 Commercial Monthly Bill -- 1 1/2" Meter											
10,000 Gallons	Total	70.86	75.90	81.00	84.30	87.65	91.05	92.75	94.50	96.25	98.00
	Dollar Inc	2.63	5.04	5.10	3.30	3.35	3.40	1.70	1.75	1.75	1.75
	Percent Inc	3.9%	7.1%	6.7%	4.1%	4.0%	3.9%	1.9%	1.9%	1.9%	1.8%
20,000 Gallons	Total	113.76	121.90	130.00	135.30	140.65	146.05	148.75	151.50	154.25	157.00
	Dollar Inc	3.93	8.14	8.10	5.30	5.35	5.40	2.70	2.75	2.75	2.75
	Percent Inc	3.6%	7.2%	6.6%	4.1%	4.0%	3.8%	1.8%	1.8%	1.8%	1.8%
40,000 Gallons	Total	199.56	213.90	228.00	237.30	246.65	256.05	260.75	265.50	270.25	275.00
	Dollar Inc	6.53	14.34	14.10	9.30	9.35	9.40	4.70	4.75	4.75	4.75
	Percent Inc	3.4%	7.2%	6.6%	4.1%	3.9%	3.8%	1.8%	1.8%	1.8%	1.8%
3 Total Accounts											
Total Accounts		13,551	13,665	13,780	13,896	14,011	14,118	14,219	14,315	14,411	14,509
New Accounts			114	115	116	115	106	101	96	97	97
Avg. Annual Growth Rate			0.84%	0.84%	0.84%	0.83%	0.76%	0.72%	0.67%	0.68%	0.68%
4 Annual Wastewater Billing Units											
WW.1 Sewer - Res In	995,824,308	1,003,842,117	1,011,924,068	1,020,070,675	1,028,118,219	1,035,566,763	1,042,652,149	1,049,366,094	1,056,123,008	1,062,923,167	
WW.2 Sewer - Res Out	556,000	556,000	556,000	556,000	556,000	556,000	556,000	556,000	556,000	556,000	
WW.3 Sewer - Comm Inside	236,139,943	240,381,141	244,685,957	249,055,345	253,401,575	257,451,685	261,328,427	265,023,647	268,763,210	272,547,647	
WW.4 Sewer - Comm Out	4,532,000	4,532,000	4,532,000	4,532,000	4,532,000	4,532,000	4,532,000	4,532,000	4,532,000	4,532,000	
Total System	1,237,052,251	1,249,311,258	1,261,698,025	1,274,214,019	1,286,607,793	1,298,106,447	1,309,068,576	1,319,477,741	1,329,974,218	1,340,558,814	

**CITY OF FRIENDSWOOD
WATER/WASTEWATER COST OF SERVICE MODEL**

Current
2024 2025 2026 2027 2028 2029 2030 2031 2032 2033

Wastewater Summary**Scen: 2024 01 22 -- Status Quo****5 Revenues and Expenses -- CASH BASIS****Wastewater Revenues****Wastewater Rate Revenue**

WW.1 Sewer - Res In	8,544,812	9,160,410	9,866,459	10,414,837	10,917,802	11,428,850	11,780,138	12,082,031	12,389,387	12,700,196
WW.2 Sewer - Res Out	5,542	5,890	6,290	6,586	6,848	7,116	7,284	7,420	7,558	7,695
WW.5 Sewer - Comm Inside	1,183,816	1,280,532	1,391,270	1,482,370	1,568,189	1,654,515	1,718,350	1,774,496	1,831,925	1,890,566
WW.6 Sewer - Comm Out	40,397	42,927	45,831	47,982	49,890	51,832	53,048	54,028	55,022	56,008
	9,774,567	10,489,760	11,309,850	11,951,774	12,542,729	13,142,314	13,558,819	13,917,975	14,283,890	14,654,465
Non-Rate Revenues	233,712	233,712	233,712	233,712	233,712	233,712	233,712	233,712	233,712	233,712
Total Revenues	10,008,279	10,723,472	11,543,562	12,185,486	12,776,441	13,376,026	13,792,531	14,151,687	14,517,602	14,888,177

Wastewater Cost of Service**Cost Center Code**

3648 Utility Customer Service	\$ 171,201	\$ 176,417	\$ 181,796	\$ 187,340	\$ 193,057	\$ 198,951	\$ 205,028	\$ 211,295	\$ 217,756	\$ 224,419
3650 Water Utilities	-	-	-	-	-	-	-	-	-	-
3651 Sewer Utilities	625,052	644,450	664,476	685,152	706,502	728,549	751,319	774,837	799,132	824,232
3655 Water Operations	-	-	-	-	-	-	-	-	-	-
3656 Sewer Operations	917,840	946,112	975,270	1,005,341	1,036,354	1,068,341	1,101,332	1,135,360	1,170,458	1,206,661
401 GF Finance Utility Billing	282,628	291,106	299,840	308,835	318,100	327,643	337,472	347,596	358,024	368,765
611 HR Insurance	133,580	137,587	141,715	145,966	150,345	154,856	159,502	164,287	169,215	174,292
3770 W&S Engineering	303,472	312,576	321,953	331,612	341,560	351,807	362,361	373,232	384,429	395,962
3601 PW Administration	182,098	187,560	193,187	198,983	204,952	211,101	217,434	223,957	230,676	237,596
COH Purchase Water	-	-	-	-	-	-	-	-	-	-
3WWTF Blackhawk WWTP - Sewer	2,998,739	3,148,676	3,306,110	3,471,416	3,644,987	3,827,236	4,018,598	4,219,528	4,430,504	4,652,029
0 Other	-	-	-	-	-	-	-	-	-	-
Total	5,614,609	5,844,487	6,084,347	6,334,645	6,595,857	6,868,483	7,153,045	7,450,091	7,760,194	8,083,955

Budget Code

40 Personnel Svcs	\$ 1,563,080	\$ 1,610,470	\$ 1,659,307	\$ 1,709,636	\$ 1,761,503	\$ 1,814,957	\$ 1,870,046	\$ 1,926,820	\$ 1,985,334	\$ 2,045,639
50 Supplies	103,443	107,315	111,355	115,572	119,976	124,576	129,382	134,406	139,660	145,156
60 Maintenance	286,756	295,359	304,220	313,346	322,747	332,429	342,402	352,674	363,254	374,152
70 Services	656,965	676,873	697,387	718,528	740,314	762,765	785,901	809,744	834,316	859,639
80 Capital Outlay	-	-	-	-	-	-	-	-	-	-
90 Other	5,625	5,794	5,968	6,147	6,331	6,521	6,717	6,918	7,126	7,340
COH Purchase Water	-	-	-	-	-	-	-	-	-	-
3WWTF Blackhawk WWTP - Sewer	2,998,739	3,148,676	3,306,110	3,471,416	3,644,987	3,827,236	4,018,598	4,219,528	4,430,504	4,652,029
Total	5,614,609	5,844,487	6,084,347	6,334,645	6,595,857	6,868,483	7,153,045	7,450,091	7,760,194	8,083,955
Total Operating Expenses	5,614,609	5,844,487	6,084,347	6,334,645	6,595,857	6,868,483	7,153,045	7,450,091	7,760,194	8,083,955
Net Revenues for Transfers, Capital Outlays and Debt Service	4,393,670	4,878,985	5,459,215	5,850,841	6,180,583	6,507,543	6,639,486	6,701,596	6,757,408	6,804,221

CITY OF FRIENDSWOOD WATER/WASTEWATER COST OF SERVICE MODEL										
	Current 2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Wastewater Summary										
Scen: 2024 01 22 -- Status Quo										
Capital Outlays	86,845	89,450	92,134	94,898	97,744	100,677	103,697	106,808	110,012	113,313
Debt Service										
Debt Service -- Current	1,155,175	1,157,977	1,153,846	1,158,066	1,158,971	1,157,337	1,156,598	1,158,403	1,156,493	1,156,116
Debt Service -- Future	-	979,383	2,350,519	3,068,733	3,362,548	3,460,487	3,721,656	3,826,123	3,826,123	3,826,123
Total Debt Service	1,155,175	2,137,360	3,504,365	4,226,799	4,521,519	4,617,824	4,878,254	4,984,526	4,982,616	4,982,239
Net Revenues for Contingencies & Transfers	3,151,650	2,652,175	1,862,716	1,529,144	1,561,320	1,789,042	1,657,536	1,610,261	1,664,780	1,708,670
Total Contingencies & Transfers	1,266,583	1,304,580	1,343,717	1,384,029	1,425,550	1,468,316	1,512,366	1,557,737	1,604,469	1,652,603
Total Cost of Service	8,123,212	9,375,877	11,024,563	12,040,371	12,640,671	13,055,300	13,647,362	14,099,162	14,457,291	14,832,110
Net Revenues	1,885,068	1,347,595	518,999	145,115	135,770	320,726	145,170	52,525	60,311	56,067
Percent of COS	18.8%	12.6%	4.5%	1.2%	1.1%	2.4%	1.1%	0.4%	0.4%	0.4%
Debt Coverage										
Excludes Debt, Cap Outlays, G/F Transfers	3.80	2.28	1.56	1.38	1.37	1.41	1.36	1.34	1.36	1.37
All Inclusive	2.63	1.63	1.15	1.03	1.03	1.07	1.03	1.01	1.01	1.01

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/21/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider a resolution designating the Civil Rights Officer and Labor Standards Officer as well as their respective alternates for Community Development Block Grant Projects and for American Rescue Plan Act Projects.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This proposed resolution designates the Civil Rights Officer and Labor standards Officer as well as their respective alternates for Community Development Block Grant Projects and for American Rescue Plan Act Projects. This proposed ordinance repeals Resolution No. R2022-29 and makes the changes noted below:

INFRASTRUCTURE AND ACQUISITION PROJECTS				
	Current Primary	New Primary	Current Alternate	New Alternate
Civil Rights Officer	Chief Building Official	Chief Building Official	Director of Community Development	Director of Community Development
Labor Standards Officer	Director of Administrative Services	<u>Director of Finance</u>	Fire Marshal/ Emergency Management Coordinator	<u>Director of Engineering</u>
COMMUNITY DEVELOPMENT BLOCK GRANT – DISASTER RECOVERY PROJECTS				
	Current Primary	New Primary	Current Alternate	New Alternate
Civil Rights Officer	Chief Building Official	Chief Building Official	Director of Community Development	Director of Community Development
Labor Standards Officer	Director of Administrative Services	<u>Director of Finance</u>	Fire Marshal/ Emergency Management Coordinator	<u>Director of Engineering</u>
AMERICAN RESCUE PLAN ACT PROJECTS				
	Current Primary	New Primary	Current Alternate	New Alternate
Civil Rights Officer	--	<u>Chief Building Official</u>	--	<u>Director of Community Development</u>
Labor Standards Officer	Director of Administrative Services	<u>Director of Finance</u>	Fire Marshal/ Emergency Management Coordinator	<u>Director of Engineering</u>

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval

ATTACHMENTS

1. Resolution - Appointment of Civil Rights Officer & Labor Standards Officer

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, NAMING A CIVIL RIGHTS OFFICER AND A LABOR STANDARDS OFFICER AS WELL AS THEIR ALTERNATES FOR COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAMS AND AMERICAN RESCUE PLAN ACT PROGRAMS; REPEALING ALL RESOLUTIONS OR PARTS OF RESOLUTIONS INCONSISTENT OR IN CONFLICT HERewith; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of the Treasury administer a variety of grant programs, including the Community Development Block Grant Programs and the American Rescue Plan Act Program (collectively the "Programs"); and

WHEREAS, the Programs require the designation of a primary and alternate Civil Rights Officer as well as a primary and alternate Labor Standards Officer; and

WHEREAS, the City Council desires to make the required appointments and ratify those of the Mayor; NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:

Section 1. That the facts and matters set forth in the recitals of this resolution are hereby found to be true and correct.

Section 2. That in accordance with the Programs, the City Council hereby appoints the persons in the following positions to the positions noted:

	Primary	Alternate
Civil Rights Officer	Chief Building Official	Director of Community Development
Labor Standards Officer	Director of Finance	Director of Engineering

The City Council hereby grants the Mayor the authority to name specific individuals to the above-referenced offices in the future so long as such appointments are consistent with this resolution.

Section 3. All resolutions or parts of resolutions inconsistent or in conflict herewith are, to the extent of such inconsistency, hereby repealed.

Section 4: This resolution shall take effect immediately from and after its passage by the City Council of the City of Friendswood.

INTRODUCED, READ AND PASSED by the affirmative vote of the City Council of the City of Friendswood on this the 4th day of November, 2024.

MIKE FOREMAN, Mayor

ATTEST:

LETICIA BRYSCH, City Secretary

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/22/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider authorizing a Professional Services Agreement with Kimley-Horn and Associates, Inc., for the Lift Station No. 2 Rehabilitation Project.

Originating Department: Engineering

Degree of importance:

SUMMARY / ORIGINATING CAUSE

Lift Station #2, located at 1308 Deepwood, is a vital part of the City's wastewater infrastructure, managing average monthly flows exceeding 50 million gallons. Lift stations are essential for transporting wastewater from lower to higher elevations, ensuring effective sewage management.

This lift station operates in a harsh environment where exposure to moisture, chemicals, and high levels of corrosion significantly affect the durability of its components. Currently, the underground discharge piping is in poor condition, having undergone previous welded repairs that are no longer sufficient. Due to the age and deterioration of the existing pipes, a comprehensive rehabilitation and reconfiguration of the discharge piping is necessary.

City staff is considering options for an above-ground discharge to enhance accessibility and ease of maintenance, though specific design details are still under development. Additionally, the project will address aging and corroded electrical components and controls, ensuring reliable operation in this challenging environment. Kimley-Horn's proposal includes immediate repairs essential for maintaining functionality. City staff acknowledges that further rehabilitation may be necessary in the future to extend the service life and preserve the integrity of the lift station, but this is not part of the current contract with Kimley-Horn.

This initiative seeks authorization for a \$405,000 Professional Services Agreement with Kimley-Horn and Associates, Inc., to undertake the Lift Station #2 Rehabilitation Project. The engineering costs for this project will be financed through water and sewer bonds.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Professional Services Agreement
2. Government Code Verification Form

3. Certificate of Insurance Exp 04-01-2025
4. Form 1295 - Kimley-Horn

PROFESSIONAL SERVICES AGREEMENT

THE STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

This Professional Services Agreement (this "Agreement") is entered into by and between the City of Friendswood, Texas (hereinafter called the "City"), a home-rule municipal corporation located in Harris and Galveston Counties, Texas, and Kimley-Horn and Associates, Inc. (hereinafter called the "Professional"). The City and the Professional are hereinafter referred to as "Parties" or individually as a "Party."

1. Engagement of Professional.

The City hereby engages the Professional to perform the "Scope of Services" hereinafter set forth. The City's Director of Engineering or his designee shall act as the City's Representative pursuant to this Agreement. Stephen Kelly, P.E., shall act as Professional's project manager pursuant to this Agreement.

2. Scope of Services.

The Professional shall perform a flow monitoring analysis and preliminary engineering design services in connection with the City's Lift Station No. 2 Rehabilitation Project (the "Project") as more particularly described in Exhibit "A," which is attached hereto and incorporated herein for all intents and purposes.

3. Time of Performance.

The Professional shall perform the services required herein in accordance with schedule attached hereto as Exhibit "C" and incorporated herein for all intents and purposes. Professional shall not proceed with the work or any stage thereof until written notice to proceed is provided by the City's Representative. The Professional shall immediately submit to the City in writing evidence of any delay. If satisfactory to the City's Representative, the City may grant in writing an extension of time equal to the period of actual delay.

4. Information and Services to be Furnished to Professional.

It is agreed that the City shall furnish, without charge, for the purpose of the Agreement, nonconfidential information, data, reports, records, and maps as are existing and available to the City for the carrying out of the work of the Professional as outlined under "Scope of Services." The Professional shall have the right to rely on the technical accuracy of such information, data, reports, or maps. Nothing contained herein shall be construed to require the City to provide such records in any certain format. The format in which the existing data and documentation will be provided shall be at the sole discretion of the City.

5. Compensation and Method of Payment.

a Compensation.

It is agreed that total fees for the Scope of Services, including reimbursable expenses, described in Exhibit "A" shall be comprised of lump sum payments the total of which is FOUR HUNDRED FIVE THOUSAND AND NO/100 DOLLARS (\$405,000.00) and as more particularly detailed in Exhibit "B," which is attached hereto and incorporated herein for all intents and purposes.

b. Payment.

- (1) The Professional shall invoice the City monthly for its services and charges incurred. The Professional shall invoice based upon total services actually completed during the applicable month. Invoices shall be tendered no more often than once a month. The Professional shall not invoice the City for services or expenses that were incurred more than sixty (60) days before the date of the invoice. Failure to timely invoice the City for services or expenses shall result in the Professional's invoice being denied and the City being relieved from any liability for payment of the late invoice.
- (2) The City agrees to pay the Professional within thirty (30) days of its receipt of the invoice, including all necessary backup information, or the receipt of services, whichever is later; provided, however, in the event of a disputed or contested invoice, the City may withhold from payment that portion so disputed or contested, and the undisputed portion will be paid. All invoices must identify with specificity the work or services performed and the date(s) of such work or services.

6. Records.

The Professional shall keep accurate records, including, but not limited to, time sheets, travel vouchers and payroll records, of all time and expenses allocated to performance of the services performed hereunder. Such records shall be kept in the office of the Professional for a period of not less than five (5) years and shall be made available to the City, at no cost, for inspection and copying within the City's corporate limits within ten (10) days of the City's request.

7. Ownership of Documents.

- a All documents, including original drawings, estimates, specifications, field notes and data are the property of the City and shall be tendered to the City prior to final payment hereunder. The Professional may retain reproducible copies of drawings and other documents for its use.
- b All documents, including drawings prepared by the Professional are instruments of service with respect to the Project. They are not intended or represented to be suitable for reuse by the City or others on extensions of the Project or on any other project. Any reuse without written verification or adaption by the Professional for the specific purpose intended shall be at the City's sole risk and without liability or legal exposure to the Professional.

8. Insurance.

The Professional shall procure and maintain at its sole cost and expense for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the scope of work by the Professional, its agents, representatives, volunteers, employees or subconsultants.

- a The Professional's insurance coverage shall be primary insurance with respect to the City, its officials, employees, and agents. Any insurance or self-insurance maintained by the City, its officials, employees, or agents shall be considered in excess of the Professional's insurance and shall not contribute to it. Further, the Professional shall include all subconsultants, agents and assigns as additional insureds under its policy or shall furnish separate certificates and endorsements for each such person or entity. All coverages for subconsultants and assigns shall be subject to all of the requirements stated herein.

- (1) Commercial General Liability
 - General Aggregate: \$2,000,000
 - Products & Completed Operations Aggregate: \$2,000,000
 - Personal & Advertising Injury: \$1,000,000
 - Per Occurrence: \$1,000,000
 - Fire Damage \$500,000
 - Waiver of Subrogation required.
 - Coverage shall be broad form
 - No coverage shall be deleted from standard policy without notification of individual exclusions being attached for review and acceptance.
 - (2) Business Automobile Policy
 - Combined Single Limits: \$1,000,000
 - Coverage for "Any Auto"
 - Waiver of Subrogation required.
 - (3) Errors and Omissions
 - Limit: \$1,000,000 per claim and in the aggregate
 - For all architects, engineers, and/or design companies
 - Coverage will be in force for one (1) year after completion of the Project
 - Waiver of Subrogation required.
 - (4) Workers' Compensation
 - Statutory Limits
 - Employer's Liability \$500,000
 - Waiver of Subrogation required.
- b. The following shall be applicable to all policies of insurance required herein:
- Insurance carrier for all liability policies must have an A.M. Best Rating of A:VII or better.
 - Only insurance carriers licensed and admitted to do business in the State of Texas will be accepted.
 - Liability policies must be on occurrence form. Errors and Omissions can be on claims-made form.
 - Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled, or materially changed except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.
 - The City, its officers, agents, and employees are to be added as Additional Insureds to all liability policies, with the exception of the Errors and Omissions and Workers' Compensation policies required herein.
 - All insurance required herein shall be secured and maintained in a company or companies satisfactory to the City, and shall be carried in the name of the Professional.
 - The Professional shall provide copies of insurance certificates to the City prior to the City's execution of this Agreement and shall ensure that throughout the term of this Agreement, all certificates on file with the City are up-to-date and not expired. Failure to provide certificates constitutes a breach of this Agreement.

9. Standards of Performance.

- a. The Professional agrees the services it provides as an experienced and qualified architect/engineer will reflect the professional standards, procedures, and performances ordinarily used by members of Professional's profession practicing under the same or similar circumstances, time, and locality.
- b. The Project shall be designed and furnished in accordance with the most current codes and/or standards adopted by City, state, or federal government or in general custom and usage by the profession. The codes and standards used in the profession set forth minimum requirements.
- c. The Professional further agrees that any analysis, reports, preparation of drawings, the designation or selection of materials and equipment, the selection and supervision of personnel and the performance of other services under this Agreement will be pursuant to the standard of performance common in the profession.
- d. The Professional shall be responsible for the technical accuracy of its services and documents resulting therefrom, and the City shall not be responsible for discovering deficiencies therein. The Professional shall promptly correct any defective analysis at no cost to City. The City's approval, acceptance, use of or payment for all or any part of the Professional's services hereunder or of the Project itself shall in no way alter the Professional's obligations or the City's rights under this Agreement.
- e. The Professional shall submit all final construction and support documents in both hard copy and electronic format. Plans shall be AutoCAD compatible, and all other documents shall be Microsoft Office compatible. The software versions used shall be compatible to current City standards. As applicable, the Professional shall provide the City with record "as-built" drawings relating to the Project, in an electronic format that is acceptable to the City. The City shall be in receipt of record drawings, if applicable, prior to final payment.

10. INDEMNIFICATION AND RELEASE.

a. INDEMNIFICATION.

THE PROFESSIONAL AGREES TO AND SHALL INDEMNIFY, HOLD HARMLESS, AND DEFEND THE CITY, ITS OFFICERS, AGENTS, AND EMPLOYEES (COLLECTIVELY HEREINAFTER REFERRED TO AS THE "CITY") FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND LIABILITY OF EVERY KIND, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS, AND ATTORNEY'S FEES, FOR INJURY TO OR DEATH OF ANY PERSON, FOR DAMAGE TO ANY PROPERTY OR FOR ANY BREACH OF AGREEMENT TO THE EXTENT ARISING OUT OF OR IN CONNECTION WITH AN ACT OF NEGLIGENCE, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT, OR FAILURE TO PAY A SUBCONTRACTOR OR SUPPLIER COMMITTED BY THE

PROFESSIONAL AND/OR ITS OFFICERS, AGENTS, EMPLOYEES OR OTHER PERSON OR ENTITY OVER WHICH THE PROFESSIONAL EXERCISES CONTROL (COLLECTIVELY PROFESSIONAL'S PARTIES). IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO, BOTH THE PROFESSIONAL AND THE CITY, THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH IS INDEMNITY BY PROFESSIONAL TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCES OF PROFESSIONAL'S PARTIES' OWN WILLFUL MISCONDUCT, JOINT OR SOLE NEGLIGENCE AS WELL AS THE PROFESSIONAL'S PARTIES' INTENTIONAL TORTS, INTELLECTUAL PROPERTY INFRINGEMENTS, AND FAILURES TO MAKE PAYMENTS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT. SUCH INDEMNITY SHALL NOT APPLY, HOWEVER, TO LIABILITY ARISING FROM THE PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE OF PERSONS THAT IS CAUSED BY OR RESULTS FROM THE NEGLIGENCE OF ANY PERSON OTHER THAN THE PROFESSIONAL'S PARTIES. IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST THE CITY FROM WHICH THE CITY IS INDEMNIFIED, PROFESSIONAL FURTHER AGREES AND COVENANTS TO DEFEND THE ACTION OR PROCEEDING BY LEGAL COUNSEL ACCEPTABLE TO THE CITY. THE INDEMNITY PROVIDED HEREINABOVE SHALL SURVIVE THE TERMINATION AND/OR EXPIRATION OF THIS AGREEMENT.

b. Release.

By this Agreement, the City does not consent to litigation or suit, and the City hereby expressly revokes any consent to litigation that it may have granted by the terms of this Agreement or any other contract or agreement, any charter, or applicable state law, except as otherwise provided in Subchapter I of Chapter 271 of the Texas Local Government Code to the extent applicable. Nothing herein shall be construed so as to limit or waive the City's sovereign immunity. Professional assumes full responsibility for its services performed hereunder and hereby releases, relinquishes and discharges the City, its officers, agents, and employees from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to or death of any person (whether they be either of the Parties hereto, their employees, or other third parties) and any loss of or damage to property (whether the property be that of either of the Parties hereto, their employees, or other third parties) that is caused by or alleged to be caused by, arising out of, or in connection with Professional's services to be performed hereunder, provided that nothing in this Release provision shall expand or otherwise alter Professional's indemnification obligation set forth above. This release shall apply with respect to Professional's

services regardless of whether said claims, demands, and causes of action are covered in whole or in part by insurance.

c. Subconsultants.

The Professional shall require all of its approved subconsultants to include in its subcontracts a release and indemnity in favor of the City in the same form as above.

11. Notices.

Unless otherwise provided in this Agreement, any notice provided for or permitted to be given must be in writing and delivered in person or by depositing same in the United States mail, postpaid and registered or certified, and addressed to the Party to be notified, with return receipt requested, or by delivering the same to an officer of such Party. Notice deposited in the mail as described above shall be conclusively deemed to be effective, unless otherwise stated in this Agreement, from and after the expiration of three (3) days after it is so deposited.

For the purpose of notice, the addresses of the Parties shall be as follows unless properly changed as provided for herein below:

CITY:

City of Friendswood
910 S. Friendswood Drive
Friendswood, Texas 77546
Attn: Morad Kabiri
Title: City Manager

PROFESSIONAL:

Kimley-Horn and Associates, Inc.
11700 Katy Freeway, Suite 800
Houston, Texas 77079
Attn: Stephen Kelly, P.E.
Title: Project Manager | Associate

Each Party shall have the right from time to time at any time to change its respective address and each shall have the right to specify a new address, provided that at least fifteen (15) days' written notice is given of such new address to the other Party.

12. Captions.

Each paragraph of this Agreement has been supplied with a caption to serve only as a guide to the contents. The caption does not control the meaning of any paragraph or in any way determine its interpretation or application.

13. Successors and Assignments.

The City and the Professional each binds themselves and their successors, executors, administrators, and assigns to the other Party of this Agreement and to the successors, executors, administrators and assigns of such other Party, in respect to all covenants of this Agreement. However, neither the City nor the Professional shall assign, sublet, or transfer its interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer of any public body which may be a Party hereto.

14. Termination of Agreement.

The City, besides all other rights or remedies it may have, shall have the right to terminate this Agreement without cause upon ten (10) days' written notice from the City Manager to the Professional of the City's election to do so. Furthermore, the City may terminate this Agreement with written notice to Professional if the Professional breaches this Agreement, but only after providing Professional seven (7) days' written notice of the breach during which the Professional shall have the opportunity to cure. If the breach is not cured within such timeframe, the City may terminate this Agreement. A breach of this Agreement shall include, but not be limited to, the following:

- failing to pay insurance premiums, liens, claims or other charges;
- failing to pay any payments due the City, state, or federal government from the Professional or its principals, including, but not limited to, any taxes, fees, assessments, liens, or any payments identified in this Agreement;
- the institution of voluntary or involuntary bankruptcy proceeding against the Professional;
- the dissolution of the Professional;
- refusing or failing to prosecute the Project or any separable part, with the diligence that will ensure its completion within the time period specified in this Agreement;
- failing to complete the Project within the time period specified in this Agreement; and/or
- the violation of any provision of this Agreement.

Upon delivery of any notice of termination required herein, the Professional shall discontinue all services in connection with the performance of the Agreement. Within ten (10) days after receipt of the notice of termination, The Professional shall submit a final statement showing in detail the services satisfactorily performed and accepted and all other appropriate documentation required herein for payment of services. At the same time that the final statement is tendered to the City, the Professional shall also tender to the City's Representative all of the Professional's instruments of service, including all drawings, special provisions, field survey notes, reports, estimates, and any and all other documents or work product generated by the Professional under this Agreement, whether complete or not, in an acceptable form and format together with all unused materials supplied by the City. No final payment will be made until all such instruments of service and materials supplied are so tendered.

Notwithstanding the above, the Professional shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of the Agreement by the Professional and the City may withhold any payment to the Professional for the purpose of setoff until such time as the exact amount of damages due the City from the Professional is determined. The rights and remedies of the City in this section are in addition to any other rights and remedies provided by law or under this Agreement.

15. Changes.

The City may, from time to time, request changes in the scope of the services to be performed by the Professional under this Agreement. Such changes, including any increase or decrease in the amount of the Professional's compensation, which are mutually agreed upon by and between the City and Professional shall be incorporated in written amendments to this Agreement. The City shall not be liable for any additional services performed hereunder unless an amendment to this Agreement for such services is executed prior to the performance thereof.

16. Personnel.

- a. The Professional represents that it has, or shall secure at its own expense, all personnel required in performing the services under this Agreement. Such personnel shall not be employees of or have any contractual relationship with the City.
- b. All of the services required hereunder shall be performed by the Professional or under its supervision and all personnel engaged in the work shall be fully qualified and, if applicable, shall be authorized or permitted under State and local law to perform such services.
- c. None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the City. Any work or services subcontracted hereunder shall

be specified by written contract or agreement and shall be subject to each provision of this Agreement.

17. Reports and Information.

The Professional shall, at such times and in such forms as the City may require, furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this Agreement.

18. Independent Contractor.

The Professional is an independent contractor and the City neither reserves nor possesses any right to control the details of the services performed by the Professional under the terms of this Agreement.

19. Civil Rights.

The Professional shall comply with applicable requirements of Chapter 106 Civil Practice and Remedies Code of the State of Texas, which prohibits discrimination on the grounds of race, religion, color, sex, or national origin, while performing work on behalf of the City. The Professional shall carry out its work under this Agreement in a manner that shall ensure full compliance by the City with such statute and all applicable state and federal laws.

20. Interest of Professional and Employees.

The Professional covenants that it presently has no interest and shall not acquire any interest, direct or indirect, in the study area or any parcels therein or any other interests which would conflict in any manner or degree with the performance of its services hereunder. The Professional further covenants that in the performance of this Agreement, no person who has any such interest shall be employed by the Professional.

21. Incorporation of Provisions Required by Law.

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion upon application by either Party.

22. Governing Law.

This Agreement has been made under and shall be governed by the laws of the State of Texas.

23. Venue.

Any action brought by either Party based on any claim arising under or as a result of this Agreement shall be brought in a court of competent jurisdiction in Galveston County, Texas.

24. Time is of the Essence.

Professional shall perform the services herein as expeditiously as is prudent considering the ordinary professional skill and care of a competent engineer. It is anticipated that all work will be completed within the time as stated in the schedule from the date of execution and that any delay in the completion of the work described herein shall constitute a breach of this Agreement.

25. No Third-Party Beneficiary.

This Agreement shall not bestow any rights upon any third party, but rather, shall bind and benefit Professional and the City only.

26. No Right to Arbitration.
Notwithstanding anything to the contrary contained in this Agreement, the City and the Professional hereby agree that no claim or dispute between the City and the Professional arising out of or relating to this Agreement shall be decided by any arbitration proceeding, including, without limitation, any proceeding under the Federal Arbitration Act (9 U.S.C. Sections 1-14), or any applicable state arbitration statute, including, but not limited to, the Texas General Arbitration Act, provided that in the event that the City is subjected to an arbitration proceeding notwithstanding this provision, the Professional consents to be joined in the arbitration proceeding if the Professional's presence is required or requested by the City of complete relief to be recorded in the arbitration proceeding.
27. Waiver.
No waiver by either Party to this Agreement of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.
28. Complete Agreement.
This Agreement represents the entire and integrated agreement between the City and Professional in regard to the subject matter hereof and supersedes all prior negotiations, representations, or agreements, whether written or oral, on the subject matter hereof.
29. Severability.
All Parties agree that should any provision of this Agreement be determined to be invalid or unenforceable, such determination shall not affect any other term of this Agreement, which shall continue in full force and effect.
30. Ambiguities.
In the event of any ambiguity in any of the terms of this Agreement, it shall not be construed for or against any Party hereto on the basis that such Party did or did not author the same.
31. Authority.
The officers executing this Agreement on behalf of the Parties hereby represent that such officers have full authority to execute this Agreement and to bind the Party he/she represents.

[Signatures Follow on the Next Page.]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple copies, each of which shall be deemed to be an original, but all of which shall constitute but one and the same Agreement, on the ____ day of _____, 2024, the date of execution by the City Manager of the City of Friendswood.

CITY:
City of Friendswood

PROFESSIONAL:
Kimley-Horn and Associates, Inc.

MORAD KABIRI, City Manager

Aaron K. Rader, P.E.
(Signature)

Aaron K. Rader, P.E.
(Printed Name)

Vice President
(Title)

ATTEST:

LETICIA BRYSCH, City Secretary

ATTEST: Stephen Kelly
Stephen Kelly, P.E., Associate
(OFFICER OR SECRETARY)

APPROVED AS TO FORM:

KAREN L. HORNER, City Attorney

EXHIBIT "A"

Scope of Work

A. PROJECT INFORMATION

The City desires the Professional to provide professional engineering services associated the Project, including the reconfiguration of the discharge piping, the replacement of the electrical equipment to reduce the criticality of failure of the lift station, and minor structural rehabilitation to the current wet well such as cleaning, coating, grouting and shaping of the floor, and minor structural repair work for damages identified after cleaning are included in this scope. The Scope of Services shall include preliminary design, final design, bidding, and construction phase services.

B. SCOPE OF SERVICES

Basic Services: The Professional shall provide or cause to be provided the following scope of services after the City's issuance of a notice to proceed:

Task 1 – Topographic Survey

The Professional will utilize a subconsultant to perform the following services:

1. Topographic survey will be performed on an approx. 25'x25' gride where available including all visible grade breaks and changes in elevation. Topographic survey will show all improvements, elevations, and observable utilities within the proposed development area and portion of Deepwood Drive.
2. Vertical topographic information will be based on the nearest existing published benchmark, and a minimum of two (2) temporary benchmarks will be established on-site at the time of survey. Additional future TBM's will be set if necessary, at additional cost.
3. Utility information shown on the survey is based on visible above ground improvements and evidence found on-site at the time of survey, coupled with markings from Digtess, and available record drawings from the City of Friendswood and other local jurisdictions and agencies.
4. Property boundaries and existing easements within the development area will be included in the survey by way of a limited title report.
5. Surveyor is liable to show only that information which is marked and available at the time of survey. Surveyor is not responsible for other utility lines or plans that may exist or discovered during future investigation or uncovered during ongoing construction phases. It is the Contractor's responsibility to contact Digtess or other utility location service, for future underground utilities, prior to construction.

Task 2 – Geotechnical Investigation

The Professional will utilize a subconsultant to perform the following services:

1. Field exploration of one (1) boring approximately twenty-five (25) feet deep.
2. Preparation of field samples and boring log.
3. Laboratory test required for classification purposes.
4. Engineering services and report to include the following:
 - a. Soil and groundwater conditions encountered at the boring location.
 - b. Lift station recommendations
 - c. Utility related recommendations
 - d. Earthwork recommendations, including material and compaction requirements.

- e. Construction considerations related to soil and groundwater conditions at the boring.

Task 3 – Preliminary Design

Upon the City's issuance of a notice to proceed with the preliminary design phase, the Professional shall perform the following preliminary design services:

1. Record Information. The Professional will review record information, as-builts, GIS shapefiles, and Project data provided by the City.
2. Lift Station Preliminary Design. The Professional will perform the following preliminary lift station design:
 - a. Confirm the current wet well has sufficient volume for peak flow per Texas Commission on Environmental Quality (TCEQ) Ch. 217 design criteria.
 - b. Perform design calculations for sizing the lift station discharge piping. It is assumed the lift station pumping rate is not changing.
 - c. Develop total dynamic head (TDH) calculations based on discharge piping reconfigurations to determine if the existing pumps will remain within their preferred operating range.
3. Lift Station Site Layout. The Professional will produce up to two (2) site plan layouts depicting the proposed electrical improvements, discharge piping reconfiguration, and structural improvements for review by the City. The Professional will digitally submit a PDF copy of the site plan options to the City.
4. "No Rise" Certification Study. Because the lift station is located within regulatory floodway and improvements to grading will likely be made as part of this Project, a "No Rise" Certification study is required. The Professional will perform the following as part of this study:
 - a. Request the HEC-RAS hydraulic model from the City. This task assumes a baseline model based on cross sections of Cowards Creek and Clear Creek for the Deepwood Flood Control Project can be provided for use and update.
 - b. Update the model with proposed structures and grading based on the lift station improvements to determine if a "no-rise" condition exists and the proposed improvements do not impact the 100-year base flood elevation.
 - c. Document the results and findings.
 - d. Submit a "No-Rise" certification to the City for approval.
 - e. The "No-Rise" study will be submitted as an appendix in the Preliminary Engineering Report.
5. Preliminary Engineering Report. This task consists of the effort to prepare the Preliminary Engineering Report (PER) document per TCEQ requirements:
 - a. The Professional will prepare a draft PER with the following outline:
 - i. Executive Summary
 - ii. Documentation of Lift Station Flow Assumptions
 - iii. Lift Station Hydraulic Calculations
 - iv. Analysis of the two (2) site plans options
 - v. Lift Station Equipment Selected
 - vi. FEMA Floodplain Elevation

- vii. Emergency Power Provisions
 - viii. Opinion of Probable Construction Cost (OPCC)
 - ix. Exhibit 1: Site Plan Option 1
 - x. Exhibit 2: Site Plan Option 2
 - b. The Professional will utilize an electrical engineering subconsultant to analyze the existing electrical equipment and make recommendations to replace the equipment. The subconsultant will prepare up to two (2) options for electrical upgrades to be included with the site plan options.
 - c. The Professional will utilize a structural engineering subconsultant to analyze the existing structural components of the lift station and make recommendations to deficient components or proposed components per the site plan options. The structural engineering subconsultant will provide a layout and specify a lifting crane to be installed at the lift station to remove/replace the four smaller pumps.
 - d. Information provided by the electrical and structural engineering subconsultants will be documented as appendices in the PER.
 - e. The Professional will submit a draft PER (pdf version) to the City for review and attend one (1) review meeting to discuss the comments.
 - f. The Professional will address comments then prepare a final signed/sealed PER (pdf version) to the City.
6. Meetings and Deliverables. The Professional's meetings and deliverables for this task shall include, at a minimum, the following:
- a. Review meeting to discuss site plan options.
 - b. Delivery of a draft PER (PDF version) for review.
 - c. Meeting to discuss the draft PER comments.
 - d. Delivery of a signed/sealed PER (PDF version). The delivery of a signed/sealed PER will be considered the 30% design milestone for the Project.

Task 4 – Final Design

The Professional shall perform the following final design services:

- 1. Construction Documents. Upon delivery by the Professional and acceptance by the City of a final PER, the Professional will develop construction plans and specifications for the Project. It is anticipated one (1) plan set will be produced containing approximately thirty (30) 22"x34" pages and include the following sheets:
 - a. Cover Page
 - b. General Construction Notes
 - c. Erosion Control Plan
 - d. Erosion Control Details
 - e. Lift Station Demolition, Construction Access, and Construction Phasing
 - f. Lift Station Bypass Pumping Plan
 - g. Lift Station Dimension Control
 - h. Lift Station Grading Plan
 - i. Lift Station Site Plan
 - j. Lift Station Plan/Section Details and Wet Well Improvements
 - k. Lift Station Construction Details
 - l. Electrical Abbreviations, Legends, and General Notes

- m. Electrical Site Plan
- n. Electrical One-Line Diagrams
- o. Electrical Building Plan
- p. Electrical Schedules
- q. Electrical Controls Diagrams
- r. Generator Details
- s. Plumbing Abbreviations, Legends, and Symbols
- t. Structural General Notes, Special Inspections, and Abbreviations
- u. Structural Plan and Section Details
- v. Structural Foundation Details
- w. Crane Details
- x. Typical Structural Construction Details

2. Technical Specifications. The Professional will develop technical specifications for the Project. Standard specifications will be utilized from the City's website. If a specification is needed for the Project that is unavailable on the City's website, then the Professional will provide supplemental specifications as necessary for the Project.

3. Approval of Appropriate Authorities. In addition to technical specifications for the Project, the Professional shall provide written descriptions and design data as needed for the Professional on behalf of the City to file applications for permits from or to obtain approvals of governmental authorities having jurisdiction to review or approve the final design of the Project and assist the City in consultations, if any, with appropriate authorities.

4. OPCC. The Professional will update the OPCC provided in the PER. Updated OPCC's will be provided with the 90% and 100% Project Milestones.

5. Meetings and Deliverables. The Professional anticipates the following meetings and deliverables for this task:
 - a. 90% Design Project Milestone: Deliverables for this milestone will include 90% design level plans, technical specifications, draft bid form, and OPCC.
 - b. 90% Design Review Meeting: The Professional will meet with the City to discuss 90% design comments. The Professional will prepare a comment response matrix to track and document comments.
 - c. 100% Design Project Milestone: Deliverables for this milestone will include bid-ready and signed/sealed plans, technical specifications, comment response matrix, final bid form, and OPCC. The Professional will coordinate with the City to develop the upfront contract documents language prior to advertising the Project.

6. Approvals. The Professional will provide technical criteria, written descriptions, and design data as needed for the Professional on behalf of the City to file applications for permits from or to obtain approvals of governmental authorities having jurisdiction to review or approve the final design of the Project and assist City in consultations, if any, with appropriate authorities, including, but not limited to, the following:
 - a. City of Friendswood and
 - b. TCEQ

Task 5 – Bid Phase Services

After the acceptance of the Final Design Phase deliverables by the City, the Professional will perform the following as part of this task:

1. Assist the City with advertising the bid documents.
2. Answer questions and issue Addenda as appropriate to clarify, correct, or change the Bid Documents.
3. Consult with the City as to the acceptability of subcontractors, suppliers, and other individuals and entities proposed by the Contractor for those portions of the Project as to which such acceptability is required by the Bid Documents.
4. Conduct a pre-bid conference and prepare a summary of meeting minutes for the Project and distribute to all prospective bidders.
5. Attend the bid opening, prepare bid tabulations, assemble contract documents, assist the City in both evaluating Bids or proposals, recommend award to the City, and assist in awarding contracts for the Project.
6. Prepare, compile, and issue conformance plans "Issued for Construction".

Task 6 – Construction Phase Services

Upon the successful completion of the Bidding Phase Services and upon written authorization from the City, the Professional will provide the construction phase services specifically listed below.

1. General Administration of Construction Contract. The Professional shall consult with the City and the Resident Project Representative that the City engages for this Project (the "RPR") as provided in the General Conditions. The extent and limitations of the duties, responsibilities and authority of the Professional as assigned in said General Conditions shall not be modified, except as the Professional may otherwise agree in writing. All of the City's instructions to Contractor will be issued through the Professional, who shall have authority to act on behalf of the City in dealings with Contractor to the extent provided in this Agreement and said General Conditions except as otherwise provided in writing.
2. Pre-Construction Conference. The Professional will attend a Pre-Construction Conference before the start of construction.
3. Baselines and Benchmarks. As appropriate, establish control and temporary benchmarks for locating the work which in the Professional's judgment are necessary to enable Contractor to proceed.
4. Site Visits and Construction Observation. The Professional will make visits to the site at intervals appropriate to the various stages of construction to observe, as an experienced and qualified design professional, the progress and quality of the work and Project. Such visits and observations are not intended (i) to be exhaustive, (ii) to extend to every aspect of Contractor's work (iii) to involve detailed inspections

of Contractor's work in progress, or (iv) to involve inspections beyond the responsibilities specifically assigned to the Professional in this Agreement and Contract Documents, but are rather limited to spot checking, selective sampling, and similar methods of general observation of the Project. Based on the site visits, the Professional, as an experienced and qualified design professional, will evaluate whether Contractor's work is generally proceeding in accordance with the Contract Document and keep the City informed of the general progress of the work. Nothing contained herein shall place the responsibility on the Professional to supervise, direct, or control Contractor's work; to stop the work; to control the means, methods, techniques, equipment choice and use, schedules, or procedures of construction selected by Contractor; to dictate safety programs incident to Contractor's work; or to be accountable for the failure of Contractor to comply with laws.

5. Construction Meetings. The Professional will attend up to two (2) construction meetings on site.
6. Recommendations with Respect to Defective Work. The Professional will recommend to the City that Contractor's work be disapproved and rejected while it is in progress if the Professional believes that such work will not produce a completed Project that substantially conforms to the Contract Documents or that it will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents.
7. Clarifications and Interpretations. The Professional will coordinate with the City or RPR and respond to Contractor requests for information made in accordance with the Contract Documents and issue necessary clarifications and interpretations. Such clarifications and interpretations will be consistent with the intent of and reasonably inferable from the Contract Documents. Any orders authorizing variations from the Contract Documents will be made only by the City.
8. Change Orders. The Professional shall coordinate with RPR, recommend Change Orders to the City, and review and make recommendations related to Change Orders submitted or proposed by the Contractor. The Professional shall prepare such change orders, as may be required by the City.
9. Shop Drawings and Samples. The Professional will review and approve or take appropriate action in respect to Shop Drawings and Samples and other data which Contractor is required to submit, but only for conformance with the Contract Documents and compatibility with the design concept of the completed Project. Such review and approvals or other actions will not extend to means, methods, techniques, equipment choice and usage, schedules, or procedures of construction or to related safety programs. Any action in response to a shop drawing will not constitute a change in the Contract Documents, which can be changed only through the Change Orders.
10. Substitutes and "or-equal/equivalent." The Professional will evaluate and determine the acceptability of substitute or "or-equal/equivalent" materials and equipment proposed by Contractor in accordance with the Contract Documents.

11. Disputes between City and Contractor. The Professional will, if requested by the City and/or the RPR, render written decision on all claims of the City and Contractor relating to the acceptability of Contractor's work or the interpretation of the requirements of the Contract Documents. In rendering decisions, the Professional shall be fair and not show partiality to the City or Contractor.
12. Applications for Payment. Based on its observations and on review of applications for payment and supporting documentation, the Professional will recommend amounts that Contractor be paid. Recommendations will be made in writing and will constitute the Professional's representation to the City, based on the Professional's knowledge, information and belief, Contractor's work has progressed to the point indicated, the quality of such work is substantially in accordance with the Contract Documents (subject to an evaluation of the work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation), and the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is the Professional's responsibility to observe Contractor's work. In the case of unit price work, the Professional's recommendations of payment will include final determinations of quantities and classifications of Contractor's work (subject to any subsequent adjustments allowed by the Contract Documents). The Professional's recommendations will not be a representation that its observations to check Contractor's work have been exhaustive, extended to every aspect of Contractor's work, or involved detailed inspections.
13. Substantial Completion. When requested by Contractor and the City, the Professional, in the company of the City, RPR, and the Contractor, will conduct inspections of the Project to determine if the Project is substantially complete. The Professional will coordinate with the City and the RPR to develop a punch-list. The Project will be considered substantially complete when the Professional determines, to best of the its knowledge, information and belief and upon the exercise of the its due diligence, determines that that the Contractor has satisfactory completed of all items, with the exception of those identified on a final punch list, and that that the City can occupy or utilize the Project for the use for which it is intended, as expressed in the Contract Documents. Upon such determinations, the Professional shall issue a certificate of substantial completion.
14. Final Notice of Acceptability of the Project. The Professional conduct inspections of the Project to determine if the completed Project of Contractor is substantially in accordance with the Contract Documents and the final punch list so that the Professional may recommend final payment to Contractor. Accompanying the recommendation for final payment, the Professional shall also provide a certificate of final completion, which indicates that to the best of the Professional's knowledge, information and belief and upon the exercise of the Professional's due diligence, the Project is complete, acceptable, and is in compliance with the Contract Documents.

Additional Services:

The City shall not be responsible or liable for any additional services performed by the Professional unless such additional services have been approved in writing prior to the performance of the same. The Professional will perform additional services at a price agreed upon by the Parties in writing prior to the performance of such services. Additional services, which require the advance written approval of the City may include the following:

Record Drawings. The Professional will prepare a record drawing showing significant changes reported by the contractor or made to the design by the Professional. Record drawings are not guaranteed to be as-build but will be based on information made available.

Exhibit "B"
Compensation

Basic Services

Basic Services required under this Agreement, including all expenses associated therewith, shall be performed for a lump sum fee of FOUR HUNDRED FIVE THOUSAND AND NO/100 DOLLARS (\$405,000) based upon the following:

Basic Services		
Task	Description	Lump Sum Fee
1	Topographic Survey	\$6,000.00
2	Geotechnical Investigation	\$9,000.00
3	Preliminary Design	\$95,000.00
4	Final Design	\$224,000.00
5	Bidding	\$19,000.00
6	Construction Phase Services	\$59,000.00
Total Lump Sum Fee		\$405,000.00

Additional Services

The City shall not be responsible or liable for any additional services performed by the Professional unless such additional services have been approved in writing prior to the performance of the same. The Professional will perform additional services at a price agreed upon by the Parties in writing prior to the performance of such services.

Exhibit "C" Schedule

The Professional shall perform the Basic Services specified in Exhibit "A" in accordance with the following schedule:

Basic Services		
Task	Description	Completion
1	Topographic Survey	21 Calendar Days from the Notice to Proceed
2	Geotechnical Investigation	21 Calendar Days from the Notice to Proceed
3	Preliminary Design	
	Submit Draft PER to City for Review	45 Calendar Days after the City's Acceptance of Tasks 1 and 2
	Submit Final PER to City	14 Calendar Days from Receipt of City Comments
4	Final Design	
	90% Design Milestone Submittal	60 Calendar Days after the City's Acceptance of Task 3
	100% Milestone Submittal	21 Calendar Days from the Notice to Proceed
5	Bidding Phase Services	Beginning of Construction Phase
6	Construction Phase Services	Final Payment to Contractor constructing the Project

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/10/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider ratifying the City Manager's signature and authorizing an agreement with Westbrook Contractors, LLC, for the emergency repair of the sinkhole located at 4443 and 4439 Ravine Drive and the associated storm sewer infrastructure.

Originating Department: Engineering

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This item ratifies the City Manager's signature and authorizes an agreement with Westbrook Contractors, LLC for the emergency repair of the sinkhole located at 4443 and 4439 Ravine Drive and the associated storm sewer infrastructure (the "Agreement"). Following Hurricane Beryl, the City identified a utility failure within the Forest Bend subdivision, where a sinkhole developed near a storm sewer outfall in a drainage easement between lots on Ravine Drive. The sinkhole, estimated at 15 feet wide and 20 feet deep, had swallowed a dividing fence and showed signs of infrastructure failure. The City assessed the situation and began coordinating with contractors to address the issue. The repair will involve excavating the sinkhole, removing debris, and replacing damaged storm sewer components, including a manhole and sections of culvert. Due to the deteriorating conditions and proximity to the creek, the City deemed emergency repairs necessary to prevent further infrastructure damage.

The total lump-sum cost of the Agreement is \$117,000. The emergency repair will be funded by unassigned general fund balance.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Location of Sinkhole Emergency Repair Project
2. Emergency Repair Contract
3. 1295 Form - Westbrook Construction
4. Certificate of Insurance Exp 09-06-2025
5. Government Code Verifications Form

Sinkhole at 4443/4439 Ravine Dr.
Friendswood, TX 77546

20' Storm Sewer
Easement

- Brick Manhole (15' depth)
- \ 8' RCP Sections 30" Diam
- Sinkhole Footprint

CONTRACT BETWEEN CITY AND CONTRACTOR FOR THE RAVINE DRIVE EMERGENCY SINKHOLE REPAIR PROJECT

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

THIS CONTRACT is entered into by and between the City of Friendswood (the "City"), having a business address of 910 S Friendswood Dr., Friendswood, TX 77546, and Westbrook Contractors LLC (the "Contractor"), a Texas limited liability company having a business address of 4216 Tawakon Dr., Pearland, TX 77584, for the Ravine Drive Emergency Sinkhole Repair Project (the "Project"), which includes the repair of the sinkhole located at 4443 and 4439 Ravine Drive, Friendswood, Galveston County, Texas (the "Site") as well as the associated storm sewer infrastructure as more particularly described herein.

1. **SCOPE OF WORK.** The Project entails the Contractor (i) removing the RCP and manhole at sinkhole, (ii) installing new manhole and RCP with positive drainage on top of stabilized sand material, (iii) backfilling pipe and manhole with compacted stabilized sand, (iv) filling the remaining area of sinkhole with select fill, and (v) replacing all grass in damaged areas and any damage at street. The Project includes, but is not limited to, the following work at the total cost indicated:

Description of Work	Total Contract Price
Scope of Work: ➤ Bring in equipment and trench safety devices. ➤ Dig existing grade down to establish safe working condition and increase visibility to hole. ➤ Remove all debris from hole and begin excavation and removal of existing manhole and RCP. ➤ Lay stabilized sand and compact for new precast manhole. ➤ Install base and first section. ➤ Lay and compact stabilized sand for RCP. ➤ Set RCP in place and connect to remaining sections. ➤ Begin backfilling pipe and manhole with stabilized sand in 6" lifts while using select fill outside that. ➤ Add next section manhole and backfill in lifts until back at existing grade. ➤ Remove all remaining debris and equipment. ➤ Replace all disturbed areas with new sod and repair any damage at street/ curb from operations. Inclusions: ➤ Removal and disposal of existing manhole at sinkhole. ➤ Removal and disposal of RCP after manhole at sinkhole up one section past fence line. ➤ Removal of all trash/debris currently on Site in sinkhole. ➤ Install new precast concrete manhole on top of 1.5' stabilized sand base with 6" stabilized sand on all sides. ➤ Install new 30" RCP to connect to existing RCP near edge of bank. All RCP set on 1.5' of compacted stabilized sand, 1' on each side and 1.5' on top. ➤ Sinkhole backfilled with select fill dirt to existing grade. ➤ Replace grass in all areas disturbed by the construction. ➤ Any damage to street or curb at street to be replaced. ➤ Performance, Payment, and Maintenance Bonds and Insurance. Exclusions: ➤ Replacement of fences at back of property. ➤ Replacing pipe more than 8 ft beyond back fence line. ➤ Replacement of any irrigation or sprinklers from homeowners. ➤ Replacement of fences to access property if needed. ➤ Cost of permitting and engineering.	\$117,000.00
Total Contract Price	\$117,000.00

This turnkey job will consist of all necessary parts, materials, equipment, freight, delivery, installation, labor, travel time, mileage, cleanup, and any other related costs to complete the Project. The Project will be constructed to meet the City's specifications.

2. **CONTRACT DOCUMENTS.** The contract documents shall consist of the following documents, which are listed in the order of priority of interpretation should there be a conflict:
 - a) Addenda to this Contract,

- b) Contract,
- c) Plans, if any,
- d) Technical Specifications, and
- e) Performance, Payment and Maintenance Bonds.

No amendments to this Contract shall be effective and binding until it is reduced to writing and signed by the duly authorized representatives of both parties. Contract documents shall be distributed by the Contractor to its subcontractors as necessary and must be kept and be accessible at the Site. The plans and specifications must be returned to the City on request at the completion of the work.

3. **CITY'S REPRESENTATIVE.** The Project shall be administered by the City's Representative, who is the City's Director of Engineering and whose duties shall include, but not be limited to, the following:
 - a) periodically review and inspect the Contractor's work;
 - b) issue instructions and directives to the Contractor, with which Contractor is obligated to comply, provided such directions and instructions are consistent with the obligations of this Contract;
 - c) make visits to the Site at intervals appropriate to the various stages of construction, appropriate to observe as an experienced and qualified design professional the progress and quality of the work; and
 - d) keep City informed of the progress of the work.

4. **COMMUNICATIONS.** The Contractor shall forward all communications, written or oral, to the City through the City's Representative. Written notice shall be deemed to have been duly served if delivered in person to an officer of the limited liability company, or if delivered or sent by telecopier, overnight or facsimile transmission or if delivered or sent by certified or registered mail to the business address referenced hereinabove. Each party will have the right to change its business address by giving at least thirty (30) calendar days' written notice to the other party of such change. Notice given by mail shall be deemed given three (3) calendar days after the date of the mailing thereof.

5. **COMMENCEMENT AND COMPLETION OF WORK.** Once the bonds and the certificate of insurance have been submitted to and approved by the City, the Contractor shall perform the work in the most expedient manner possible. The work shall commence as soon as possible, but no later than **three (3) calendar days** from the date specified in the written notice to proceed. Completion of this Contract shall be within **sixty (60) calendar days** of the date specified in the notice to proceed. Time is of the essence in this Contract and the date of beginning and the date for final completion of work as specified in this Contract are essential conditions of this Contract. Contractor has submitted its quote in full recognition of the time required for the completion of this work taking into consideration all factors, including, but not limited to, the average climatic range, industry conditions, and liquidated damages. At final completion of the work, a certificate of final completion shall be obtained from the City. For final acceptance, the Contractor shall supply a one-year Maintenance Bond dated the date of Council Acceptance, and effective for one (1) year, in the total amount of the Contract.

6. **WORK.** The Contractor shall complete the work described in the contract documents in strict conformity therewith. The Contractor shall:
 - a) provide and pay for all materials, supplies, machinery, equipment, tools, superintendents, laborers, insurance, fuel, transportation, and all other facilities and utilities necessary for the execution and completion of the work;
 - b) secure all permits, fees, licenses, and inspections necessary for the proper execution and completion of the work;
 - c) give all notices required by law and comply with all laws, ordinances, regulations, codes, rules and lawful orders of all public authorities bearing on the performance of the work;
 - d) pay sales, consumer, use and similar taxes as legally required; and
 - e) provide shop drawings and schedules to the City's Representative and secure the City's Representative's approval of the same, which approval shall not relieve Contractor from responsibility for errors.

7. **EXTENSIONS AND DELAYS.**

- a) **EXTENSIONS.** Within three (3) calendar days of any act or incident that the Contractor reasonably believes may justify an extension of time for final completion, the Contractor may apply in writing for an extension of such time, submitting therewith all written justification as may be required by City. Thereafter, the City's Representative, within three (3) calendar days after receipt of a written request for an extension of time from the Contractor, which is supported by all requested documentation, shall then grant or deny such written request; provided that the request for an extension is not based upon weather conditions. Should an extension be requested within the three (3) calendar-day period based upon weather conditions, the City's Representative shall grant or deny such a written request upon final completion of the work based upon any variation from the average climatic range.
- b) **DELAYS.** The Contractor, in undertaking to complete the work within the time herein fixed, has taken into consideration and made allowances for all hindrances and delays incident to such work, whether growing out of delays in securing material or workmen or weather or otherwise. No charge whatsoever shall be made for hindrances or delays from any cause whatever, except where the work is stopped by order of the City or by extraordinary causes. Any extension shall not exceed the time actually lost by Contractor.

8. **PAYMENT.** The Contractor agrees to perform the work for the prices specified hereinabove, which the City shall pay upon final completion and acceptance of the work, subject to any adjustment allowed herein. The Contractor shall never be entitled to anticipated or lost profits on the deleted or reduced portion of a job whether bid on a unit price or lump sum basis. The Contractor shall not have the right to obligate the City to make any payments to another party.

No changes shall be made and no bills for changes, alterations, modifications, deviations, and extra orders shall be recognized or paid for except upon a written change order signed by the Contractor and the City. Any change shall not affect the validity of any bonds. Any requests by the Contractor for a change in original payment amount shall be made prior to the beginning of the work covered by the proposed change or the right to payment for extra work shall be waived.

9. **INDEPENDENT CONTRACTOR.** In all activities or services performed hereunder, the Contractor is and at all times shall remain an independent contractor, not an agent or employee of the City. The Contractor, as an independent contractor, shall be solely responsible for the final product contemplated under this Contract. It shall be the responsibility of the Contractor to furnish a completed work product that meets the requirements of the City. Any additional work, material, or equipment needed to meet the intent of this specification shall be supplied by the Contractor without claim for additional payment, even though not specifically mentioned herein.

10. **DISORDERLY EMPLOYEES.** The Contractor agrees to employ only orderly and competent persons, skillful in the performance of the type of work required under this Contract, to do the work. The Contractor shall retain personal control and shall give its personal attention to the faithful prosecution and completion of the work and fulfillment of this Contract. The Contractor shall appoint and keep on the Project during the progress of the work a competent Project Superintendent/Manager and any necessary assistants, all satisfactory to City to supervise its employees and subcontractors. Adequate supervision by Contractor is essential to the proper performance of the work, and lack of such supervision shall be grounds for suspending the operations of the Contractor and declaring Contractor in breach of this Contract. Whenever the City or the City's Representative shall inform the Contractor in writing that any person or persons performing any of the requisite work are, in the opinion of the City or the City's Representative, incompetent, unfaithful or disorderly, such person or persons shall be discharged and shall not again be employed to perform any work on the Project without prior written consent of the City or the City's Representative.

11. **NATURE OF THE WORK.** It is understood and agreed that the Contractor has, by careful examination, satisfied itself as to the nature and location of the work, the confirmation of the ground and soil, the nature of any structures, including surface and subsurface utilities, the character, quality and quantity of the material to be utilized, the character of equipment and facilities needed for and during the prosecution of the work, the time needed to complete the work, Contractor's ability to meet all deadlines and schedules required by this Contract, the general and local conditions, and all other matters that in any way affect the work under this Contract.

12. **PROGRESS OF WORK.** The Contractor may prosecute its work at such time and sessions, in such order of precedence, and in such manner as shall be most conducive to the economy of the Project; provided; however, that the order and time of prosecution shall be such that the work shall be finally completed as a whole, in accordance with this Contract. Further, the parties shall be subject to the following:
- a) The City reserves the right to enter the property by such employee(s) or agent(s) as it may elect for the purpose of inspecting the work;
 - b) The Project Superintendent/Manager shall coordinate its activities and work with the City. If required by the City, the Contractor shall provide a weekly schedule of planned activities, which may be reviewed on a daily basis. In the case of any completed work or material that is to be covered over by other material, the Project Superintendent/Manager shall provide notice to the City no later than twenty-four (24) hours before the anticipated cover-up of the previously completed work or material. In the event, however, that such notice is provided on a Friday, the City will have until the following Monday afternoon to approve the previously completed work and its cover-up and the Contractor shall take no action until such approval is given by City;
 - c) The Contractor shall submit, at such time as may reasonably be requested by City, further schedules that shall list the order in which the Contractor proposes to carry on the work with dates at which the Contractor will start the several parts of the work and the estimated dates of completion of the several parts; and
 - d) The Contractor and the engineer performing services under this Contract shall attend additional meetings called by the City or the City's Representative upon twenty-four (24) hours' notice unless otherwise agreed by the parties.

13. **SITE CONDITIONS AND MANAGEMENT.** Throughout the progress of the work, the Contractor shall keep the working area free from debris of all types, and remove from premises all rubbish, resulting from any work being done by the Contractor. At the completion of the work, the Contractor shall leave the premises in a clean and finished condition. Any failure to do so may be remedied by the City or its designee and charged back to the Contractor. Where the Contractor is working around or in existing structures, it shall verify conditions at the Site, including, but not limited to, roads, easements, door openings, sprinklers, passages, and other existing site conditions. All special handling equipment charges shall be at the Contractor's sole cost and expense.

Where gas, water, and sewer lines exist in the vicinity, the Contractor shall assume that service connections exist to each building and exercise appropriate caution during excavation. It is the Contractor's responsibility to notify various owners in advance when excavation is to be done in the vicinity of their underground lines and structures. Damage to such underground lines and structures, whether or not shown on the plans, shall be the responsibility of the Contractor, and it shall bear the cost of necessary repair or replacement of damaged parts.

The Contractor shall be responsible for verifying all conditions at the Site prior to performing the work. As such, the Contractor understands and agrees that it shall be responsible for conditions encountered at the Site, including, but not limited to, (i) subsurface or otherwise concealed physical conditions which differ from those indicated in the contract documents, and (ii) unknown physical conditions, which differ from those ordinarily found to exist and generally recognized as inherent in construction activities of the character provided for in the contract documents. No additional compensation shall be afforded to the Contractor for differing site conditions. Any information provided by the City, including but not limited to geotechnical information, shall be for the Contractor's convenience only; and the City does not guarantee the accuracy or correctness of any information so provided.

14. **LAYOUT OF WORK.** The Contractor shall lay out all work in a manner acceptable to the City in accordance with applicable codes and ordinances of the City, county and state. The City's Representative will review the Contractor's layout of all structures and any other layout work done by the Contractor, but this review does not relieve the Contractor of the responsibility of accurately locating all work in accordance with the specifications and contract documents.

15. **CONTRACTOR'S STRUCTURES.** Whenever the Contractor erects, installs, or uses additional structures on the property for the storage, maintenance of materials or use of employees and subcontractors, such structure shall not damage the property, and the Contractor shall maintain sanitary conditions in and about such structures at all times

in a manner satisfactory to the City. The Contractor shall provide and maintain necessary sanitary conveniences for the use of laborers on the work. Such conveniences shall be properly secluded from public observation and shall be in a location approved by the City's Representative. The City may charge the Contractor for any damage or injury to the City, its property or third persons as a result of the location or use of any of Contractor's structures.

16. MATERIALS.

- a) Materials or work described in words which when so applied have well-known technical or trade meaning shall be held to refer to such recognized standards. All work shall be done and all materials furnished in strict conformity with the contract documents and recognized industry standards.
- b) Materials and supplies utilized in the final product that will be turned over to the City shall be new and of good quality. Upon request, the Contractor shall supply proof of quality and manufacturer.
- c) No refurbished, reconditioned or other previously utilized materials or supplies will be used without the signed authorization of the City.
- d) Where the product is to be turned over to the City, the Contractor may utilize substitutes of equal quality and function as provided for in the specifications, if any.
- e) The City shall have full and final decision over the use of substitute materials and supplies.
- f) The Contractor shall certify to the City that all materials installed are free from asbestos containing material.

17. OBSERVATION, INSPECTIONS, TESTS.

- a) The City and the City's Representative reserve the right to enter the Site by such employee(s) or agent(s) as he may elect for the purpose of inspecting the work. In accordance therewith, the Contractor shall supply the City or the City's Representative, upon request, with any keys or information necessary for the City or the City's Representative to have access to the property. The City and the City's Representative shall have the right to enter the property or location of the work for the purpose of performing such collateral work as the City or the City's Representative deems necessary or appropriate.
- b) The City and the City's Representative shall have the right, at any reasonable time, to observe and test the work. The Contractor shall make necessary arrangements and provide proper facilities and access for such observation and testing at any location wherever the work or any part thereof is in preparation or progress. The Contractor shall ascertain the scope of any observation that may be contemplated by the City or the City's Representative and shall give ample notice as to the time each part of the work will be ready for such observation.
- c) The City or the City's Representative may reject any work found to be defective or not in accordance with the contract documents, regardless of the state of its completion or the time or place of its discovery and regardless of whether the City or the City's Representative has previously accepted the work through oversight or otherwise. Neither observations by the City or the City's Representative nor inspections, tests, or approvals made by the City or the City's Representative, or persons authorized under this Contract to make such inspections, tests, or approvals, shall relieve the Contractor from its obligation to perform the work in accordance with the requirements of the contract documents.
- d) The City or the City's Representative, upon approval of the City, may require the Contractor to remove, dismantle or uncover work completed. In the event that the Contractor has failed to perform the work as required by the specifications, or drawings, or other contract documents, Contractor shall assume and pay the costs of repair and restoration of the work required to be removed, dismantled, or uncovered. In the event that the Contractor has performed the work correctly to specifications, City shall assume and pay the cost of restoration of the construction to the point that the City has required the work to be uncovered or dismantled.

18. WORK STOPPAGE. The City or the City's Representative shall have the right to order the work of the Contractor or any subcontractor wholly or partially stopped immediately under any one or more of the following conditions:

- a) the work may be ordered stopped immediately if in the judgment of the City or the City's Representative, any of the materials furnished or the work being done is not in strict accordance with this Contract;
- b) the work may be ordered stopped immediately until any objectionable person or material is removed from the premises; or
- c) the work may be ordered stopped immediately if any portion of the work is being performed so as to create a hazardous condition.

Such stoppage or suspension shall neither invalidate any of the Contractor's performance obligations under this Contract, including time of performance and deadlines therefor, nor will extra charges be allowed the Contractor by reason of such stoppage or suspension.

19. **REJECTED WORK.** The City or the City's Representative, in its discretion, may reject any and all work that is found to be defective or deemed not in conformity with this Contract. The City or the City's Representative may reject said work or any portion thereof regardless of the stage of its completion or time or place of discovery of such errors. Further, the City or the City's Representative may reject said work regardless of whether the City or the City's Representative has previously accepted the work through oversight or otherwise. Neither observations by the City or the City's Representative nor inspections, tests, certificates or approvals made by the City or the City's Representative, or persons authorized under this Contract to make such inspections, tests, certificates or approvals, shall relieve the Contractor from its obligation to perform the work in accordance with the requirements of this Contract and the other contract documents. In the event that any work or any part thereof is rejected by the City or the City's Representative, the Contractor shall, at its sole expense and after receipt of written notice thereof from the City or the City's Representative, remove such material and rebuild or otherwise remedy such work so that it shall be in full compliance with this Contract and the other contract documents, as follows:
- a) At the option of the City, the Contractor may be required to remedy such work so that it shall be in full compliance with this Contract. As soon as possible but not later than three (3) calendar days after receipt of notice from the City or the City's Representative or such other period of time specified by the City's Representative in writing, the Contractor shall, at its sole expense, replace or repair all rejected work or materials so as to conform with this Contract.
 - b) If the City or the City's Representative in its discretion deems it inexpedient to correct work damaged or not done in accordance with this Contract, an equitable deduction for the Payment Amount may be made by the City.
 - c) If the Contractor does not remove or replace any rejected work within the time specified in subsection (a) hereof, then the City or the City's Representative may have the work removed, replaced or repaired at the Contractor's expense.

20. **SUBCONTRACTORS.** The Contractor shall retain personal control and give its personal, utmost attention to the faithful prosecution and completion of the work and fulfillment of this Contract. The subletting of any portion or feature of the work or materials required in the performance of this Contract shall not relieve the Contractor from its obligations to the City under this Contract. All subcontractors must be approved by the City's Representative prior to performing any work on the Project. If the City's Representative judges any subcontractor to be failing to perform the work in strict accordance with the drawings and specifications, the Contractor shall discharge the same, but this shall in no way release the Contractor from its obligations and responsibility under this Contract. Every subcontractor shall be bound by the terms and provisions of this Contract as far as applicable to its work. The Contractor shall be fully responsible to the City and the City's Representative for the acts and omissions of its subcontractors.

The Contractor shall be solely and exclusively responsible for compensating any of the Contractor's employees, subcontractors, materialmen and/or suppliers of any type or nature whatsoever. The Contractor shall further be exclusively responsible for ensuring that no claims or liens of any type are filed against any property owned by the City arising out of or incidental to the performance of any services performed pursuant to this Contract. In the event a statutory lien notice is sent to the City or the City's Representative, the Contractor shall, where no payment bond covers the work, upon written notice from the City or the City's Representative, immediately obtain bond at the Contractor's sole expense and hold the City harmless from any losses that may result from the filing or enforcement of any said lien notice. In the event that the Contractor defaults in the provision of the bond, the City may withhold such funds as are necessary to ensure the payment of such claim until litigation determines to whom payment shall be made.

21. **POSSESSION AND USE OF COMPLETED PORTIONS.** The City shall have the right to take possession of and use any completed or partially completed portions of the work, notwithstanding the time for completing the entire work or such portions may not have expired, but such taking possession and use shall not be deemed an acceptance of any work not completed in accordance with the contract documents.

22. **PERMITS AND CERTIFICATES.** The Contractor shall secure all necessary permits, licenses and/or certificates issued by the state, municipality or other authorities and submit the same to the City's Representative. The City may withhold any payments due under this Contract or that may become due under this Contract until the necessary permits, licenses and/or certificates are procured and delivered. The Contractor will not, however, be required to pay for any permit fees for permits to be issued by the City, which will be waived in conjunction with this Contract.
23. **FAULTY WORKMANSHIP.** Neither the final payment nor any acceptance nor certificate nor any provision of this Contract shall relieve the Contractor of any responsibility for faulty workmanship or materials. At the option of the City, as provided in this Contract, the Contractor shall remedy any defects thereto and pay for any damage to other work resulting therefrom, which may appear after final acceptance of the work.
24. **WARRANTY.** Upon acceptance of the work by the City, the Contractor warrants for a period of one (1) calendar year from the date thereof that all materials provided to the City under this Contract shall be new unless otherwise approved in writing by the City's Representative and that all materials and work will be of good quality, free from faults and defects, and in conformance with this Contract. All work not conforming to these requirements, including, but not limited to, substitutions not properly approved and authorized, may be considered defective. This warranty is in addition to any rights or warranties expressed or implied by law and consumer protection claims arising from misrepresentations by the Contractor. Where more than a one (1) year warranty is specified for individual products, work or materials, the longer warranty shall govern. This warranty obligation shall be covered by any performance or payment bonds tendered in compliance with this Contract.
25. **DEFECTIVE WORK DISCOVERED DURING WARRANTY PERIOD.** If within one (1) calendar year after the date of acceptance by the City of designated equipment or within such longer period of time as may be prescribed by law or by the terms of any applicable special warranty required by this Contract, any of the work is found or determined to be defective, including obvious defects, or otherwise not in accordance with this Contract, the Contractor shall correct it PROMPTLY.
- a) After receipt of written notice from the City to begin corrective work, the Contractor shall promptly begin the corrective work. This obligation shall survive the termination of this Contract. The guarantee shall not constitute the exclusive remedy of the City, nor shall other remedies be limited to either warranty or guarantee period.
 - b) If within three (3) calendar days after the City has notified the Contractor of a defect, failure or abnormality in the work, the Contractor has not started to make the necessary corrections or adjustments, the City is hereby authorized to make the corrections or adjustments, or to order the work to be done by a third party. The cost of the work shall be paid by the Contractor.
 - c) The cost of all materials, parts, labor, transportation, supervision, special instruments, and supplies required for replacement or repair of parts and for correction of defects, shall be paid by the Contractor or by the surety.
 - d) The one (1) calendar year warranty shall cover all work, equipment, and materials that are part of this Project, whether or not a warranty is specified in the individual section prescribing that particular aspect of the work.
26. **LIQUIDATED DAMAGES.** It is expressly understood and agreed by the parties that time is of the essence to this Contract and that the date set for the final completion of the work described herein is an essential condition of this Contract. It is further understood and agreed that the date for final completion of the work is reasonable for the completion of the Project, taking into consideration all conditions, including, but not limited to, the average climatic change and conditions and usual industrial conditions prevailing in this locality. If the Contractor should neglect, fail, or refuse to complete the work required for final completion within the date specified in this Contract, or any proper extension that is granted in writing by the City, then the Contractor hereby agrees, as a part of the consideration for the awarding of this Contract, that the City may withhold permanently from the Contractor's total Payment Amount the sum of FIVE HUNDRED AND NO/100 DOLLARS (\$500.00) for each and every **calendar day** that the Contractor is in default after the date stipulated for final completion, not as a penalty, but as liquidated damages for the breach of the Contract. The amount of liquidated damages for the Contractor's failure to meet the deadline for final completion is fixed and agreed on by the Contractor because of the impracticability and extreme difficulty in fixing and ascertaining actual damages that the City would in such an event sustain. The amounts to

be charged are agreed to be the damages that the City would sustain and may, at the option of the City, be retained from final payment or any other payment made hereunder.

27. **WITHHOLD PAYMENT AND CONTRACTOR'S PAYMENT.** Regardless of any bond, the City may, on account of subsequently discovered evidence, withhold payment or nullify the whole or part of any acceptance or certificate to such extent as may be necessary to protect the City from loss on account of:
- a) Defective work or work that is not in strict accordance with the terms of this Contract, the Specifications, or the other contract documents;
 - b) Claims filed or reasonable evidence indicating probable filing of claims, as determined at the sole discretion of the City;
 - c) Failure of the Contractor to make prompt payments to subcontractors or for material or labor or materialmen;
 - d) Claims filed or reasonable evidence, as determined at the sole discretion of the City, of damage to another Contractor or a third party, including adjacent property owners;
 - e) Reasonable doubt, as determined at the sole discretion of the City, that the work can be completed for the unpaid balance of the Contract amount;
 - f) Reasonable indication, as determined at the sole discretion of the City, that the work will not be completed within the Contract time;
 - g) Liquidated damages and administrative charges, as determined by the City at its sole discretion;
 - h) Charges made for repairs to the Contractor's defective work or repairs made by the City to correct damage to other property;
 - i) Claims filed or reasonable evidence as determined at the sole discretion of the City indicating unremedied damage to property owned by the City; or
 - j) Other amounts authorized under this Contract.

Whenever the Contractor and/or its surety is required to make a payment under this Contract, it is expressly understood and agreed that such payment shall be due within 15 days after receipt of an invoice therefore unless expressly stated otherwise. Payments required by Contractor and/or its surety which are not timely made shall accrue interest at a rate of one percent per month.

28. **CHARGES FOR INJURY OR REPAIRS.**
- a) **REPAIRS.** The Contractor shall be liable and responsible for any damages incurred or repairs made necessary by reason of its work and/or caused by it. Repairs of any kind required by the City or the City's Representative will be made and charged to the Contractor by the City. The Contractor shall take the necessary precautions to protect any areas adjacent to its work. The work specified consists of all work, materials and labor required by the City or the City's Representative to repair any damage to the property of the City, including, but not limited to, structures, roadways, curbs, parking areas and sidewalks, to an equal or better condition than before such property was damaged.
 - b) **INJURY.** The Contractor shall at all times exercise reasonable precautions for the safety of employees and others on or near the work and shall comply with all applicable provisions of Federal, State, and Municipal safety laws and building and construction codes. All machinery and equipment and other physical hazards shall be guarded in accordance with the "Manual of Accident Prevention in Construction" of the Associated General Contractors of America except where incompatible with Federal, State, or Municipal laws or regulations. The Contractor shall provide such machinery guards, safe walkways, ladders, bridges, gangplanks, and other safety devices. The safety precautions actually taken and their adequacy shall be the sole responsibility of the Contractor, acting at its discretion as an independent Contractor.

29. **PAYMENT OF EMPLOYEES AND FOR MATERIALS.** Wage rates paid on this Project shall not be less than specified in the schedule of general prevailing rates of per diem rates attached hereto as Exhibit "A" and incorporated herein for all intents and purposes. Should the Contractor or any of its subcontractors fail to pay the general prevailing rate to a worker performing work on the Project, the Contractor shall pay to the City SIXTY AND NO/100 DOLLARS (\$60.00) for each worker employed for each calendar day or part of the day that the worker is paid less than the wage rates stipulated in this Contract. The Contractor and each of the subcontractors shall pay each of its employees engaged in work on the Project under this Contract in full (less mandatory legal

deductions), in cash or by check readily cashable, without discount, no less than once every two (2) weeks. The City or City's Representative may, prior to final acceptance of the Project, require the Contractor to execute an affidavit in legal form stating that all bills for labor, materials, and incidentals incurred have been paid in full and that there are no claims pending of which the Contractor has been notified.

30. INSURANCE REQUIREMENTS.

Contractor shall procure and maintain at its sole cost and expense for the duration of the Contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by Contractor, its agents, representatives, volunteers, employees or subconsultants.

- a) Contractor's insurance coverage shall be primary insurance with respect to the City, its officials, employees and agents. Any insurance or self-insurance maintained by the City, its officials, employees or agents shall be considered in excess of Contractor's insurance and shall not contribute to it. Further, Contractor shall include all subconsultants, agents and assigns as additional insureds under its policy or shall furnish separate certificates and endorsements for each such person or entity. All coverage's for subconsultants and assigns shall be subject to all of the requirements stated herein.

The following is a list of standard insurance policies along with their respective minimum coverage amounts required in this Contract:

1. Commercial General Liability

- General Aggregate: \$2,000,000
- Products & Completed Operations Aggregate: \$1,000,000
- Personal & Advertising Injury: \$1,000,000
- Per Occurrence: \$1,000,000
- Fire Damage: \$50,000
- Coverage shall be broad form CGL
- Waiver of subrogation required
- No coverage shall be deleted from standard policy without notification of individual exclusions being attached for review and acceptance.

2. Business Automobile Policy

- Combined Single Limits: \$1,000,000
- Coverage for "Any Auto"
- Waiver of subrogation required.

3. Workers' Compensation

- Statutory Limits
- Employer's Liability: \$500,000
- Waiver of Subrogation required.

- b) The following shall be applicable to all policies of insurance required herein.

1. Insurance carrier must have an A.M. Best Rating of A: VII or better.
2. Only insurance carriers licensed and admitted to do business in the State of Texas will be accepted.
3. Liability policies must be on occurrence form.
4. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled or reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.
5. The City, its officers, agents and employees are to be added as Additional Insureds to all liability policies.
6. Upon request and without cost to the City, a certified copy of all insurance policies and/or certificates of insurance shall be furnished to the City.
7. All insurance required herein shall be secured and maintained in a company or companies satisfactory to the City, and shall be carried in the name of Contractor.

- 31. BONDING.** Both the Contractor and the City agree that the Contractor will execute performance and payment bonds, each in the sum of one hundred percent (100%) of the total Contract price, in standard forms for this purpose, guaranteeing faithful performance of the Contract and faithful payment to all persons supplying labor and materials

or furnishing any equipment in the execution of the Contract. It is agreed that this Contract shall not be in effect until such bonds are furnished and approved by the City. The cost of the premium for the bonds have been included in the Contractor's quote.

The bonds shall be executed by the Contractor and by a corporate surety, the qualifications of which shall be as required below. The bond required herein shall remain in effect throughout the term of this Contract and for a period of one (1) year after the completion of the work and shall be extended for any warranty work to cover the warranty period. If at any time during the execution of this Contract or in the required period thereafter, the bond becomes invalid or ineffective for any reason, the Contractor shall promptly supply within ten (10) days such other bond, which bond shall assure payment as required. Such replacement bond(s) shall be issued by a surety acceptable to the City.

Changes and alterations in the work herein contemplated, or any part thereof, does not affect the validity of this Contract and any accompanying bond.

32. **PROJECT UNDER CONTRACTOR'S CONTROL.** Any injury or damage caused to the Contractor or the Project prior to and including the date of final completion caused by an act of God, natural cause, a party or entity not privy to this Contract, or other force majeure shall be assumed and borne by the Contractor.
33. **COMPLIANCE WITH LAWS.** Contractor shall comply with all Federal and State laws and City Ordinances and Codes applicable to the Contractor's operation under this Contract. Violations will be corrected at Contractor's expense. The Contractor will pay for all applicable royalties, permits, and license fees and defend all suits and claims of infringements of any rights.
34. **SAFETY PRECAUTIONS.** Safety precautions at the Site are a part of the construction techniques and processes for which the Contractor shall be solely responsible. The Contractor is solely responsible for handling and use of hazardous materials or waste, and informing employees of any such hazardous materials or waste. The Contractor has the sole obligation to protect or warn any individual of potential hazards created by the performance of the work set forth herein. The Contractor shall, at its on expense, take such precautionary measures for the protection of persons, property and the work as may be necessary. The safety of the public and convenience of traffic shall be regarded as prime importance during construction.
- a) During normal construction, the Contractor shall not hinder or inconvenience travel of streets or intersecting alleys for more than two blocks at any one time. The Contractor shall use warning signs as necessary to adequately protect the traffic. If the City or other appropriate entity approves a street closure, the Contractor shall furnish and maintain at each end of the closed section, at all intersecting streets within the section, and in all intersecting streets at a distance of one block on each side of the work, properly worded signs and barricades announcing the closure to the public. The Contractor shall not be allowed to start any operation that will close a street or streets until the required barricades are in place. Barricades and warning signs shall meet the specifications as shown in the plans and/or specifications. Warning lights shall be kept burning from sunset to sunrise. When a street is to be closed, the Contractor must notify the City's Engineering and Public Works Departments forty-eight (48) hours in advance of the closure.
 - b) The Contractor shall remove, as soon as practicable, accumulated rubbish, surplus dirt, etc., from the Site, thereby opening each block for public use. Use by the public, however, of any portion of a street where work has been done, shall not constitute in itself acceptance of the work done therein. The Contractor shall backfill and shape trenches across street intersections or driveways to permit safe usage at night. If trenches must be left open for any length of time, the Contractor shall span with wooden mats or bridges to permit traffic flow and prevent injury to the public. When driveways are cut, the City may direct the immediate placement of mats for ingress and egress of vehicles if, in the City's Representative or City's opinion, undue hardship to property owners would otherwise result.
 - c) The Contractor shall not block ditches, inlets, fire hydrants, etc. The Contractor shall provide temporary drainage where necessary or as directed by the City's Representative or the City.
 - d) When persons or equipment are working in streets open to moving traffic, or if otherwise ordered by the City's Representative, the Contractor shall furnish flagmen for direction of traffic to protect both the moving traffic and the Contractor's operations. The flagmen shall wear an orange fluorescent vest over their normal work clothes.

The Contractor shall be held responsible for all damages to property, personal injuries and/or death due to failure to use safety devices of any type or nature that may be required to protect or warn any individual of potential hazards created by the performance of the work; and when any property damage is incurred, the damaged portion shall immediately be replaced or compensated for by the Contractor at its own cost and expense.

35. **RELEASE.** By this Contract, the City does not consent to litigation and expressly revokes any consent to litigation that it may have granted by the terms of this Contract, any charter, or applicable state law. The Contractor assumes full responsibility for the work to be performed and releases, relinquishes, and discharges the City, its officers, agents and employees from all claims, demands and causes of action of every kind and character for any injury to, including, but not limited to, death of any person (whether third persons, the Contractor, or employees of either of the parties). This release includes the cost of defense of any claim and any loss of or damage to property (whether property of the parties or of third parties) that is caused by or alleged to be caused by, arising out of, or in connection with the Contractor's work to be performed under this Contract whether or not said claims, demands, and causes of action are covered in whole or in part by insurance.

36. **INDEMNITY AGREEMENT.**

THE CONTRACTOR HEREBY AGREES TO AND SHALL INDEMNIFY, HOLD HARMLESS, AND DEFEND THE CITY, ITS OFFICERS, AGENTS AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, DEMANDS, CAUSES OF ACTION, SUITS AND LIABILITY OF EVERY KIND, INCLUDING ALL EXPENSES OF LITIGATION, COURT COSTS AND ATTORNEYS' FEES, FOR INJURY TO OR DEATH OF ANY PERSON, FOR LOSS OF USE OR REVENUE, OR FOR DAMAGE TO ANY PROPERTY ARISING OUT OF OR IN CONNECTION WITH THE ACTUAL OR ALLEGED MALFUNCTION, DESIGN OR WORKMANSHIP IN THE MANUFACTURE OF EQUIPMENT, THE FULFILLMENT OF CONTRACT, OR THE BREACH OF ANY EXPRESS OR IMPLIED WARRANTIES UNDER THIS CONTRACT. SUCH INDEMNITY SHALL APPLY WHERE THE CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS OR LIABILITY ARISE IN PART FROM (I) THE JOINT NEGLIGENCE OF THE CITY AND THE CONTRACTOR, AND/OR THEIR RESPECTIVE OFFICERS, AGENTS AND/OR EMPLOYEES OR (II) THE SOLE NEGLIGENCE OF THE CONTRACTOR, ITS OFFICERS, AGENTS AND EMPLOYEES. IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO, BOTH CONTRACTOR AND THE CITY, THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH IS INDEMNITY BY CONTRACTOR TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCE OF (I) THE CITY'S OWN NEGLIGENCE WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE WITH THAT OF THE CONTRACTOR OF THE INJURY, DEATH OR DAMAGE AND/OR (II) THE CONTRACTOR'S OWN NEGLIGENCE WHERE THAT NEGLIGENCE IS THE SOLE CAUSE OF THE INJURY, DEATH, OR DAMAGE. FURTHERMORE, THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH SHALL HAVE NO APPLICATION TO ANY CLAIM, LOSS, DAMAGE, CAUSE OF ACTION, SUIT AND LIABILITY WHEREIN INJURY, DEATH OR DAMAGE RESULTS FROM THE SOLE NEGLIGENCE OF THE CITY UNMIXED WITH THE FAULT OF ANY OTHER PERSON OR ENTITY. IN THE EVENT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST THE CITY BY REASON OF ANY OF THE ABOVE, THE CONTRACTOR AGREES AND COVENANTS TO DEFEND THE ACTION OR PROCEEDING BY COUNSEL ACCEPTABLE TO THE CITY.

THE INDEMNITY PROVIDED FOR HEREIN SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS CONTRACT.

37. **ABANDONMENT.** In case the Contractor should abandon, fail or refuse to resume work within three (3) days after written notification from the City or the City's Representative, or if the Contractor fails to comply with the orders of the City or the City's Representative, when such orders are consistent with the contract documents, then, and in that case, where performance and payment bonds exist, the sureties on these bonds shall be notified in writing and directed to complete the work, and a copy of said notice shall be delivered to the Contractor. After receiving said notice of abandonment, the Contractor shall not remove from the work any machinery, equipment, tools, materials, or supplies then on the job, but the same, together with any materials and equipment under contract for the work, may be held for use on the work by the City or the surety on the performance bond, or another Contractor in completion of the work; and the Contractor shall not receive any rental or credit therefor, it being understood that the use of such equipment and materials will ultimately reduce the cost to complete the work and be reflected in the final settlement.
38. **BREACH OF CONTRACT.** The City shall have the right to declare the Contractor in breach of this Contract for cause when the City determines that this Contract is not being performed according to its understanding of the intent and meaning of this Contract. Such breach shall not in any way invalidate, abrogate or terminate the Contractor's obligation under this Contract.
39. **TERMINATION.** If this Contract is terminated for cause, the City shall have the right, but shall not be obligated, to complete the work either itself or by others; and to this end, the City shall be entitled to take possession of and use such equipment and materials as may be on the Site and to exercise all rights, options and privileges of the Contractor under its subcontracts, purchase orders or otherwise; and the Contractor shall promptly assign such rights, options, and privileges to the City. If the City elects to complete the work itself or by others, pursuant to the foregoing, then the Contractor will reimburse the City for all costs incurred by the City's Representative, (including, without limitation, applicable, general and administrative expenses, and field overhead, and the cost of necessary equipment, materials and field labor) in correcting work by the Contractor that fails to meet the requirements of the Contract Documents.

After receipt of a notice of termination, whether with or without cause, the Contractor shall, in good faith and to the best of its ability, do all things necessary in light of such notice to assure the efficient and proper close-out of the terminated work (including, but not limited to, the protection of the City's property). Among other things, the Contractor shall, except as otherwise directed or approved by the City, do the following:

- a) Stop the work on the date and to the extent specified in the notice of termination;
- b) Place no further orders or subcontracts for services, equipment, or material, except as may be necessary for completion of such portion of the work as is not terminated;
- c) Immediately terminate all orders and subcontracts to the extent that they relate to the performance of the work terminated by the notice of termination;
- d) Assign to the City, in the manner and to the extent directed by it, all of the right, title and interest of the Contractor under the orders or subcontracts so terminated, in which case the City shall have the right to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
- e) With the approval of the City, settle all outstanding liabilities and all claims arising out of such termination, orders and subcontracts;
- f) Deliver to the City, when directed by the City, all documents and all property, which if the work had been completed, the Contractor would have been required to account for or deliver to the City, and transfer title to such property to the City to the extent not already transferred; and/or
- g) Take actions necessary or as otherwise directed by the City's Representative or the City for the protection and preservation of the work.

In the event of such termination, there shall be an equitable reduction of the Payment Amount to reflect the reduction in the work. Costs incurred after the effective date of the notice of termination shall not be treated as reimbursable costs unless they relate to carrying out the unterminated portion or taking close-out measures.

40. **TERMINATION FOR CAUSE.** Without prejudice to any other legal or equitable right or remedy that the City would otherwise possess hereunder or as a matter of law, the City, upon giving the Contractor five (5) days' prior written notice, shall be entitled to terminate this Contract in its entirety at any time for the following:
- a) If the Contractor becomes insolvent, commits any act of bankruptcy, makes a general assignment for the benefit of creditors, or becomes the subject of any proceeding commenced under any statute or law for the relief of debtors;
 - b) If a receiver, trustee or liquidator of any of the property or income of the Contractor shall be appointed;
 - c) If the Contractor shall fail to prosecute the work or any part thereof with diligence necessary to ensure its progress and completion as prescribed by the time schedules;
 - d) If within five (5) calendar days after written notice thereof from the City or the City's Representative, the Contractor shall fail to remedy any defective work or work that does not conform to the requirements of this Contract, specifications, and other contract documents, or any other default under any of the terms, provisions, conditions, or covenants contained in this Contract or any other current agreement between the Contractor and another City for similar construction work on other property; or
 - e) If the Contractor shall fail for any reason other than the failure by the City to make payment called upon when due.

In the event of such termination for cause, the Contractor shall only be paid its reimbursable costs incurred prior to the effective date of the termination and shall not be entitled to receive any further payment hereunder and shall be further subject to any claim that the City's Representative or the City may have against the Contractor under the provisions of this Contract or as a matter of law, including the refund of any overpayments of reimbursable costs or other payments.

41. **TERMINATION FOR CONVENIENCE.** The performance of the work may be terminated at any time in whole or in part, by the City's Representative for its convenience. Any such termination shall be effected by delivery to the Contractor of a written notice (notice of termination) specifying the extent to which performance of the work is terminated and the date upon which termination becomes effective. If, for whatever reason, this Contract is terminated for cause, which is later determined not to exist, the parties agree that the Contract will be deemed to be terminated for convenience. In the event of termination for convenience, the Contractor shall only be paid its reimbursable costs incurred prior to the effective date of the termination notice and shall not be entitled to receive any further payment hereunder and shall be further subject to any claim the City may have against the Contractor under other provisions of this Contract or as a matter of law, including the refund of any overpayment of reimbursable costs and/or other payment.

42. **COMPLETION AFTER ABANDONMENT OR TERMINATION.** In the event that the Contractor has abandoned the Project or the City has terminated the Contract for cause and where there is no performance bond provided or where there is a surety but such surety, within three (3) calendar days after the notice demanding completion is sent, fails to commence the completion and diligent prosecution of the work in compliance with this Contract, then the City may AT ITS OPTION provide for completion of the work in either of the following elective manners:

- a) The City may employ such force of men and use such machinery, equipment, tools, materials, and supplies as said City may deem necessary to complete the work and charge the expense of such labor, machinery, equipment, tools, materials, and supplies to said Contractor, and expense so charged shall be deducted and paid by the City out of such monies as may be due, or that may thereafter at any time become due to the Contractor under and by virtue of this Contract. In case such expense is less than the sum which would have been payable under this Contract, if the same had been completed by the Contractor, then said Contractor and/or its surety hereby waives any and all privileges, rights, and claims to receive the difference. In case such expense is greater than the sum which would have been payable under this Contract, if the same had been completed by said Contractor, then the Contractor and/or its surety shall, within three (3) calendar days, pay the amount of such excess to the City.
- b) The City, under sealed bids, after notice published as required by law at least twice in a newspaper having general circulation in the City, may let the Contract for the completion of the work under substantially the same terms and conditions which are provided in this Contract. In case any increase in cost to the City under the new contract as compared to what would have been the cost under this Contract, such increase shall be charged to the Contractor and the surety shall be and remain bound therefor. However, should the cost to complete any

such new contract prove to be less than what would have been the cost to complete under this Contract, the

Contractor and/or its surety hereby waives any and all privileges, rights and claims to such excess.

In the event of abandonment by the Contractor, the Contractor shall assign to the City, in the manner and to the extent directed by the City, all of the right, title, and interest of the Contractor in and to any and all materials located on the property and any subcontracts for work to be performed on the property; in which case the City shall have the right to settle or pay all claims arising out of the termination of such orders and subcontracts.

43. **DAMAGES.** Without prejudice to any other legal or equitable right or remedy that the City would otherwise possess hereunder or as a matter of law, the City upon giving the Contractor five (5) days' prior written notice shall be entitled to damages for breach of contract, upon but not limited to the following occurrences:
- a) If the Contractor shall fail to remedy any default after written notice thereof from the City or the City's Representative; or
 - b) If the Contractor shall fail for any reason other than the failure by the City to make payments called upon when due; or
 - c) If the Contractor commits a substantial default under any of the terms, provisions, conditions or covenants contained in this Contract.
44. **INVALIDITY.** If any provision of this Contract shall be held to be invalid, illegal or unenforceable by a court or other tribunal of competent jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties shall use their best efforts to replace the respective provisions or provisions of this Contract with the legal terms and conditions approximating the original intent of the parties.
45. **ENTIRE AGREEMENT.** It is understood that this Contract contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. There are no oral understandings, statements, promises or inducements contrary to the terms of this Contract. This Contract cannot be changed or terminated orally. No verbal agreement or conversation with any officer, agent, representative or employee of the City, either before or after the execution of this Contract, shall affect or modify any of the terms or obligations hereunder.
46. **AMENDMENT.** No amendments to this Contract shall be effective and binding until they are reduced to writing and signed by duly authorized representatives of both parties.
47. **TEXAS LAW.** This Contract has been made under and shall be governed by the laws of the State of Texas.
48. **PLACE OF PERFORMANCE.** The place of making and the place of performance for all purposes shall be Friendswood, Galveston County, Texas.
49. **NO ARBITRATION.** Notwithstanding anything to the contrary contained in this Agreement, City and the Contractor hereby agree that no claim or dispute between City and the Contractor arising out of or relating to this Agreement shall be decided by any arbitration proceeding, including, without limitation, any proceeding under the Federal Arbitration Act (9 U.S.C. Sections 1-14), or any applicable state arbitration statute, including, but not limited to, the Texas General Arbitration Act, provided that in the event that City is subjected to an arbitration proceeding notwithstanding this provision, the Contractor consents to be joined in the arbitration proceeding if the Contractor's presence is required or requested by City for complete relief to be recorded in the arbitration proceeding.
50. **NON-WAIVER.** Failure of any party, at any time, to enforce a provision of this Contract shall in no way constitute a waiver of that provision, nor in any way affect the validity of this Contract or part hereof or the right of the City or the City's Representative thereafter to enforce each and every provision hereof. No term of this Contract shall be deemed waived or breach excused unless the waiver shall be in writing and signed by the party claimed to have waived the same. Furthermore, any consent to or waiver of a breach will not constitute consent to or waiver of or excuse of any other different or subsequent breach. Nothing contained in this Contract or any of the contract documents shall be deemed to limit or waive the sovereign immunity of the City

51. **HEADINGS.** The article headings are used in this Contract for convenience and reference purposes only and are not intended to define, limit or describe the scope or intent of any provision of this Contract and shall have no meaning or effect upon its interpretation.
52. **GENDER AND NUMBER.** Words of any gender used in this Contract shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless context requires otherwise.
53. **CONSTRUCTION OF CONTRACT.** The parties agree that this Contract shall not be construed in favor of or against any party on the basis that the party did or did not author this Contract.
54. **AUTHORITY TO ENTER CONTRACT.** Each party has the full power and authority to enter into and perform this Contract, and the person signing this Contract on behalf of each party has been properly authorized and empowered to enter into this Contract. The persons executing this Contract hereby represent that they have authorization to sign on behalf of their respective corporations and/or business entities.
55. **CONTRACT READ.** The parties acknowledge that they have read, understand and intend to be bound by the terms and conditions of this Contract.
56. **ASSIGNMENT.** Contractor may not assign or otherwise transfer this Contract or any rights or obligations hereunder without the prior written consent of the City.
57. **SUCCESSORS AND ASSIGNS.** This Contract shall inure to the benefit of and be binding upon the Contractor and its successors and assigns.
58. **MULTIPLE ORIGINALS.** It is understood and agreed that this Contract may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.
59. **SEVERABILITY.** If any section, subsection, paragraph, sentence, clause, phrase or word of these requirements or specifications shall be held invalid, such holding shall not affect the remaining portions of these requirements and the specifications; and it is hereby declared that such remaining portions would have been included in these requirements and the specifications as though the invalid portion had been omitted.

IN WITNESS WHEREOF, the parties hereto have executed this Contract in multiple copies, each of which shall be deemed to be an original, but all of which shall constitute but one and the same Contract on the ____ day of October, 2024, the date of execution by the City Manager of the City of Friendswood.

CITY OF FRIENDSWOOD

MORAD KABIRI, City Manager

ATTEST:

LETICIA BRYSCH, City Secretary

(Signature)

(Printed Name)

(Title)

STATE OF TEXAS §
 §
COUNTY OF _____ §

Before me on this day personally appeared _____, in his/her capacity as Member of
of Westbrook Contractors LLC, on behalf of such limited liability company,

_____ known to me;

_____ proved to me on the oath of _____; or

_____ proved to me through his/her current _____ {description of
identification card or other document issued by the federal government or any state government that
contains the photograph and signature of the acknowledging person}

(check one)

to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he/she executed that
instrument for the purposes and consideration therein expressed.

Given under my hand and seal of office this ____ day of October, 2024.

Notary Public in and for the State of Texas

My commission expires: _____

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/21/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider approving the purchase of two 2023 Ford F150 service trucks for the Public Works Department from Silsbee Ford through The Interlocal Purchasing System (TIPS) Contract No. 210907.

Originating Department: Public Works

Degree of importance: Significant.

SUMMARY / ORIGINATING CAUSE

This item allows the Council to approve the purchase of the following two vehicles for the Public Works Department (the "Department"):

- a 2023 Ford F150 Crew Cab 4X4 in the amount of \$44,591.25 for the new Sewer Operator position, and
- a 2023 Ford F150 Crew Cab 4X2 in the amount of \$43,299.50 for the new Water Operator position.

The trucks are being purchased from Silsbee Ford through The Interlocal Purchasing System (TIPS) Contract No. 210907.

In the approval of the City's FY2024-2025 operating budget, the Department received the approval of its decision package related to the purchase of these two vehicles that will be used by the two new positions of Water Operator and Sewer Operator.

The cost associated with this item is within the budget's approved amount, and as the City is purchasing this item through the TIPS, it satisfies the State's legal requirements for competitive bidding.

The City of Friendswood is a member of The Interlocal Purchasing System (TIPS), which was created to increase the purchasing power of governmental entities and simplify their purchasing of needed equipment and services.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

The approval of the purchase and implementation of the vehicle in question will immediately, and significantly, improve the continued effective operation of the City of Friendswood's Public Works Department.

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. CITY OF FRIENDSWOOD W1E F150 XL CREW CAB 4WD TIPS 092624
2. CITY OF FRIENDSWOOD W1C F150 4X2 XL 2023 TIPS 093024
3. Form 1295 Certificate
4. Government Code Verifications Form



PRODUCT PRICING SUMMARY

TIPS USA 210907 Automobiles

VENDOR- Silsbee Ford, 1211 Hwy 96 N., Silsbee TX 77656

End User: CITY OF FRIENDSWOOD

Prepared by: SETH GAMBLIN

Contact: _____

Phone: 512.436.1313

Email: _____

Email: SGAMBLIN.SILSBEEFLEET@GMAIL.COM

Product Description: F150 CREW CAB (W1C UPGRAGDE)

Date: September 26, 2024

A. Bid Item: _____

A. Base Price: \$ 36,584.00

B. Factory Options

Code	Description	Bid Price	Code	Description	Bid Price
W1E	2023 FORD F150 CREW CAB 4X4		101A	XL EQUIPMENT GROUP	
995	5.0L V8	\$ 2,335.00		4WD UPGRADE	\$ 3,975.00
44G	10 SPEED TRANS	\$ -		POWER LOCKS AND WINDOWS	
				CRUISE	
53A	TRAILER TOW	\$ 1,325.00			
67T	INTEGRATED TRAILER BRAKE CONT	INC		6.5 BOX 157 WB	
				LONG BED****	

Total of B. Published Options: \$ 7,635.00

\$ (415.25)

C. Unpublished Options

\$= 0.0 %

Description	Bid Price	Options	Bid Price
		EXTERIOR COLOR- WHITE	
		INTERIOR CS CLOTH	
		40/20/40 Front Seat	
		UNIT ON THE GROUND	
		141019	

Total of C. Unpublished Options: \$ -

D. Floor Plan Interest (for in-stock and/or equipped vehicles):

\$ 350.00

E. Lot Insurance (for in-stock and/or equipped vehicles):

F. Contract Price Adjustment:

G. Additional Delivery Charge: 250

\$ 437.50

H. Subtotal:

\$ 44,591.25

I. Quantity Ordered 1 x H =

\$ 44,591.25

J. Trade in:

\$ -

K.

L. Total Purchase Price

\$ 44,591.25



PRODUCT PRICING SUMMARY

TIPS USA 200206 TRANSPORTATION VEHICLES

VENDOR- Silsbee Ford, 1211 Hwy 96 N., Silsbee TX 77656

End User: CITY OF FRIENDSWOOD

Prepared by: SETH GAMBLIN

Contact: _____

Phone: 512.436.1313

Email: _____

Email: SGAMBLIN.SILSBEEFLEET@GMAIL.COM

Product Description: FORD F150 CREW CAB

Date: September 30, 2024

A. Bid Item: _____

A. Base Price: \$ 36,584.00

B. Factory Options

Code	Description	Bid Price	Code	Description	Bid Price
W1C	2023 FORD F150 CREW CAB 4X2	\$ -	101A	XL EQUIPMENT GROUP	\$ -
995	5.0L V8 ENGINE	\$ 2,335.00	54Y	Y MIRROR MAN TEL/FLD W/PWR GLAS	\$ 395.00
44G	10 SPEED TRANS	\$ -	59S	LED SIDE MIRROR SPOTS	\$ 395.00
XL3	3.31 ELECTRONIC LOCKING RATIO AXLE	\$ 420.00	85H	BACKUP ALARM SYSTEM	\$ 145.00
53A	TRAILER TOW PACKAGE	\$ 1,325.00	924	PRIVACY GLASS	\$ 320.00
	TRAILER BRAKE CONTROLLER	INC		5.5' 145 WB	
18B	RUNNING BOARDS	\$ 250.00		17" SILVER STEEL WHEELS	
43A	FORD CO PILOT 360	\$ 655.00			

Total of B. Published Options: \$ 6,240.00

Published Option Discount (5%) \$ (312.00)

C. Unpublished Options [not to exceed 25%]

\$= 0.0 %

Description	Bid Price	Options	Bid Price
		EXTERIOR COLOR-YZ WHITE	
		INTERIOR: AS VINYL 40/ 20 /40	
		UNITS ON THE GROUND	
		1FTEW1C58PKG01267	

Total of C. Unpublished Options: \$ -

D. Floor Plan Interest (for in-stock and/or equipped vehicles):

\$ -

E. Lot Insurance (for in-stock and/or equipped vehicles):

\$ 350.00

F. Contract Price Adjustment:

G. Additional Delivery Charge: 250

\$ 437.50

H. Subtotal:

\$ 43,299.50

I. Quantity Ordered 1 x H =

\$ 43,299.50

J. Trade in:

\$ -

K.

L. Total Purchase Price

\$ 43,299.50

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/21/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider approving the purchase of a 2024 Ford F250 3/4-ton service truck for the Public Works Department from Silsbee Ford through The Interlocal Purchasing System (TIPS) Contract No. 210907.

Originating Department: Public Works

Degree of importance: Significant.

SUMMARY / ORIGINATING CAUSE

This item approves the purchase of a 2024 Ford F250 3/4-ton service truck for the Public Works Department (the "Department") from Silsbee Ford through The Interlocal Purchasing System (TIPS) Contract No. 210907, in the amount of \$57,225.20. This purchase is in line with the City's replacement vehicle policy and fund and will replace PW60.

The cost associated with this item is within the budgeted amount in the Vehicle Replacement Plan; and as the City is purchasing this item through the TIPS, it satisfies the State's legal requirements for competitive bidding.

The City of Friendswood is a member of The Interlocal Purchasing System (TIPS), which was created to increase the purchasing power of governmental entities and simplify their purchasing of needed equipment and services.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

The approval of the purchase and implementation of the vehicle in question will immediately, and significantly, improve the continued effective operation of the City of Friendswood's Public Works Department.

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. CITY OF FRIENDSWOOD W2A F250 CREW CAB 2WD 8FT BED SRW TIPS 101724
2. Form 1295 Certificate
3. Government Code Verifications Form



PRODUCT PRICING SUMMARY

TIPS USA TIPS RFP 210907 Automobiles

VENDOR--Silsbee Ford, 1211 Hwy 96 N., Silsbee TX 77656

End User: CITY OF FRIENDSWOOD

Prepared by: SETH GAMBLIN

Contact:

Phone: 512.436.1313

Email:

Email: SGAMBLIN.SILSBEEFLEET@GMA

Product Description: FORD 3/4 TON

Date: October 17, 2024

A. Bid Item: _____

A. Base Price: \$ 49,555.00

B. Factory Options

Code	Options	Bid Price	Code	Options	Bid Price
W2A	2024 F-250 2WD CREW CAB XL	\$ -	600A	ORDER CODE	
99A	Engine: 6.8L 2V DEVCT NA PFI V8 Gas	\$ 1,995.00		TOW PACKAGE	INC
90L	POWER EQUIPMENT GROUP	INC	43K	PRO POWER 2KW	\$ 985.00
X37	3.73 Axle Ratio	\$ -	87S	Retractable Bed Side-Step	\$ 780.00
TBM	TIRES LT245/75RX17E BSW A/T	\$ 165.00	91G	Amber-Wht 360 Deg LED Warn Strobes	\$ 650.00
18B	RUNNING BOARDS	\$ 445.00	85S	BED LINER	\$ 595.00
52B	TRAILER BRAKE CONTROLLER	\$ 300.00	76C	BACK UP ALARM	\$ 220.00
86M	DUAL 68 AH/65 AGM	\$ 210.00	66L	LED BOX LIGHT	\$ 60.00

Total of B. Published Options: \$ 6,405.00

Published Option Discount (5%): \$ (662.00)

C. Additional Options

\$= 2.0 %

Options	Bid Price	Options	Bid Price
525- INTERIOR WORK SURFACE	\$ 140.00	EXTERIOR- WHITE Z1	
19J-CROSSBED TOOLBOX MATTE BLACK	\$ 1,000.00	INTERIOR- AS VINYL 40/20/40	
		176WB 8FT BOX LONG BED	
		ORDER BANK OPEN NOW**	

Total of C. Unpublished Options: \$ 1,140.00

D. Floor Plan Interest (for in-stock and/or equipped vehicles):

\$ 350.00

E. Lot Insurance (for in-stock and/or equipped vehicles):

\$ -

F. Contract Price Adjustment: _____

G. Additional Delivery Charge: 250 miles

\$ 437.50

H. Subtotal:

\$ 57,225.50

I. Quantity Ordered 1 **x K =**

\$ 57,225.50

J. Trade in: _____

\$ -

K.

L. Total Purchase Price

\$ 57,225.50

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/21/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider approving the purchase of a 2024 Ford F350 one-ton service vehicle for the Public Works Department from Silsbee Ford through The Interlocal Purchasing System (TIPS) Contract No. 210907.

Originating Department: Public Works

Degree of importance: Significant.

SUMMARY / ORIGINATING CAUSE

This item approves the purchase of a 2024 Ford F350 one-ton service vehicle for the Public Works Department from Silsbee Ford through The Interlocal Purchasing System (TIPS) Contract No. 210907, in the amount of \$58,205.50. This purchase is in line with the City's replacement vehicle policy and fund and will replace PW61.

The cost associated with this item is within the budgeted amount in the Vehicle Replacement Plan, and as the City is purchasing this item through the TIPS, it satisfies the State's legal requirements for competitive bidding.

The City of Friendswood is a member of The Interlocal Purchasing System (TIPS), which was created to increase the purchasing power of governmental entities and simplify their purchasing of needed equipment and services.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

The approval of the purchase and implementation of the vehicle in question will immediately, and significantly, improve the continued effective operation of the City of Friendswood's Public Works Department.

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. CITY OF FRIENDSWOOD W3A F350 CREW CAB 2WD 8FT BED SRW TIPS 101724
2. Form 1295 Certificate
3. Government Code Verifications Form



PRODUCT PRICING SUMMARY

TIPS USA TIPS RFP 210907 Automobiles

VENDOR--Silsbee Ford, 1211 Hwy 96 N., Silsbee TX 77656

End User: CITY OF FRIENDSWOOD

Prepared by: SETH GAMBLIN

Contact:

Phone: 512.436.1313

Email:

Email: SGAMBLIN.SILSBEEFLEET@GMA

Product Description: FORD 1 TON

Date: October 17, 2024

A. Bid Item:

A. Base Price: \$ 50,535.00

B. Factory Options

Code	Options	Bid Price	Code	Options	Bid Price
W3A	2024 F-350 2WD CREW CAB XL	\$ -	600A	ORDER CODE	
99A	Engine: 6.8L 2V DEVCT NA PFI V8 Gas	\$ 1,995.00		TOW PACKAGE	INC
90L	POWER EQUIPMENT GROUP	INC	43K	PRO POWER 2KW	\$ 985.00
X37	3.73 Axle Ratio	\$ -	87S	Retractable Bed Side-Step	\$ 780.00
TBM	TIRES LT245/75RX17E BSW A/T	\$ 165.00	91G	Amber-Wht 360 Deg LED Warn Strobes	\$ 650.00
18B	RUNNING BOARDS	\$ 445.00	85S	BED LINER	\$ 595.00
52B	TRAILER BRAKE CONTROLLER	\$ 300.00	76C	BACK UP ALARM	\$ 220.00
86M	DUAL 68 AH/65 AGM	\$ 210.00	66L	LED BOX LIGHT	\$ 60.00
Total of B. Published Options:					\$ 6,405.00

Published Option Discount (5%): \$ (662.00)

C. Additional Options

\$= 2.0 %

Options	Bid Price	Options	Bid Price
525- INTERIOR WORK SURFACE	\$ 140.00	EXTERIOR- WHITE Z1	
19J-CROSSBED TOOLBOX MATTE BLACK	\$ 1,000.00	INTERIOR- AS VINYL 40/20/40	
		176WB 8FT BOX LONG BED	
		ORDER BANK OPEN NOW**	
Total of C. Unpublished Options:			\$ 1,140.00

D. Floor Plan Interest (for in-stock and/or equipped vehicles):

\$ 350.00

E. Lot Insurance (for in-stock and/or equipped vehicles):

\$ -

F. Contract Price Adjustment:

G. Additional Delivery Charge: 250 miles

\$ 437.50

H. Subtotal:

\$ 58,205.50

I. Quantity Ordered 1 **x K =**

\$ 58,205.50

J. Trade in:

\$ -

K.

L. Total Purchase Price

\$ 58,205.50

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/21/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider approving the purchase of emergency medical supplies from Life Assist Inc., and Bound Tree Medical, LLC, through the Texas Local Government Purchasing Cooperative (BuyBoard) Contract Nos. 698-23 and 704-23.

Originating Department: Emergency Services Department

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The City Council approved the purchase of medical supplies and pharmaceuticals for the City of Friendswood's Emergency Medical Services (EMS) in the City's FY 2024-2025 budget. EMS estimates the purchase of said supplies from the following Texas Local Government Purchasing Cooperative (BuyBoard) contract and vendors:

Vendor	BuyBoard Contract No.	Amount Not to Exceed
Life Assist Inc.	698-23 & 704-23	\$85,000
Bound Tree Medical, LLC	704-23	\$70,000
	Total Amount:	\$155,000

These two vendors provide the medical, dental, and ambulatory supplies, and pharmaceuticals required by emergency units to operate effectively. These supplies are critical in the day-to-day field operations of Friendswood EMS and will be purchased as needed throughout the year, which in total will not exceed \$155,000.

BuyBoard is a Texas Local Government Purchasing Cooperative that provides public agencies the opportunity to comply with bidding requirements by utilizing their bid process. Agencies that utilize BuyBoard contracts also receive a 2% rebate on all purchases and also save administrative costs by alleviating the bid process.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Form 1295 Certificate - Life-Assist, Inc

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/08/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider authorizing the disposal of a decommissioned Friendswood Volunteer Fire Department vehicle through Public Surplus.

Originating Department: Emergency Services Department

Degree of importance:

SUMMARY / ORIGINATING CAUSE

The Friendswood Volunteer Fire Department (FVFD) has decommissioned a 2015 Ford Expedition (FD7) that is present for disposal. The vehicle was replaced per the FVFD Capital Replacement Plan and will be disposed of through www.publicsurplus.com. The proceeds from the sale of this vehicle will be deposited into the FVFD Capital Replacement Fund.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/30/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider authorizing a Pension System Contract Amendment with the Texas Emergency Services Retirement System on behalf of the Friendswood Volunteer Fire Department to increase the monthly contribution rate for the Department's pension.

Originating Department: Emergency Services Department

Degree of importance: Significant

SUMMARY / ORIGINATING CAUSE

This item authorizes a contract amendment based upon the attached Texas Emergency Services Retirement System (TESRS) Contribution Change Request form. This is the volunteer pension program that Friendswood Volunteer Fire Department (FVFD) provides for its volunteer membership. By state statute, the contract with TESRS requires the City of Friendswood to participate as the governing body.

This request and amendment to the contract increased the current pension by \$12.00 per month per volunteer, moving the pension amount from \$156.00 to \$168.00 per month per volunteer. The change became effective October 1, 2024.

The costs for this increase are incorporated within the Department of Emergency Services FY 2025 annual budget as currently proposed. As such, signing this amendment does not further increase city costs.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

Texas Emergency Services Retirement System (TESRS) and a small per call stipend that help defray costs of volunteering are the only financial benefit individual volunteers receive. As such, this is a critical piece in the recruitment and retention process of volunteers.

Continued increases in the TESRS contribution puts FVFD at a position to stay competitive among neighboring departments.

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Friendswood_200B_Contribution_Rate_Change_Request_09252024
2. TESRS Comparison FY2025

TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
FORM 200-B – CONTRIBUTION CHANGE REQUEST

(PLEASE TYPE OR CLEARLY PRINT)

1. PARTICIPATING DEPARTMENT NAME AND ADDRESS:			
DEPARTMENT NAME:	Friendswood VFD		
MAILING ADDRESS:	1610 Whitaker Dr.		
CITY STATE ZIP:	Friendswood, TX 77546	PHONE NO:	281-996-3360
2. NAME OF PERSON WITH AUTHORITY TO SIGN CONTRACTS ON BEHALF OF LOCAL BOARD:			
NAME:	Mark Garvin	TITLE:	FVFD Local Board Chairman
EMAIL ADDRESS:	garvin1@peoplepc.com		

3. MONTHLY CONTRIBUTION CHANGE REQUEST:		
CURRENT MONTHLY CONTRIBUTION RATE:	PROPOSED MONTHLY CONTRIBUTION RATE:	CONTRIBUTION CHANGE EFFECTIVE DATE:
\$ 156	\$ 168	10/01/2024

4. GOVERNMENTAL ENTITY NAME AND ADDRESS:			
GOVERNING ENTITY:	City of Friendswood		
MAILING ADDRESS:	910 S. Friendswood Dr.		
CITY STATE ZIP:	Friendswood, TX 77546	PHONE NO:	281-996-3250
5. NAME OF PERSON WITH AUTHORITY TO SIGN CONTRACTS ON BEHALF OF GOVERNING ENTITY:			
NAME:	Morad Kabiri	TITLE:	City Manager
EMAIL ADDRESS:	mkabiri@friendswood.com		

6. ADMINISTRATIVE CONTACT:			
NAME:	Melissa Tauss		
MAILING ADDRESS:	1610 Harold Whitaker Dr.		
CITY STATE ZIP:	Friendswood, TX 77546	PHONE NO:	281-996-3360
EMAIL ADDRESS:	mtauss@friendswood.com		

INSTRUCTIONS:

- 1) Complete the above information and fax or mail this form to TESRS (see below).
- 2) BE SURE TO INCLUDE EMAIL ADDRESSES WHERE INDICATED!
- 3) TESRS will prepare and send via DocuSign® a contract amendment reflecting the contribution change to the Local Board and Governing Entity signatories for e-signatures.
- 4) If applicable, TESRS will issue a supplemental invoice for any retroactive monthly contributions that are subject to this change as indicated by the effective date of the contribution change stated in the contract amendment.

TESRS Relative Position

versus Neighbors

VFD	2024	2025	Delta
Alvin	\$215	\$215	none
Dickinson	\$200	\$200	none
League City	\$200	\$200	none
Santa Fe	\$175	\$250	\$75
Pasadena	\$175	\$200	\$25
Deer Park	\$144	\$144	none
Angleton	\$163	\$163	none
League City	\$200	\$200	none
Friendswood	\$156	\$168	\$12
Average	\$180	\$193	
FVFD of Average	86%	87%	
Top 3 Average	\$205 (49dif)	\$222 (54dif)	

Comments & Observations (2024-Oct-21)

- 3 Departments increased past year including FVFD/Friendswood EMS by \$24 total
- Santa Fe made a very large increase of \$75 to \$250 to change the Top 3 participators and drive a \$17 increase
- FVFD/Friendswood EMS continues to make overall positive progress and will move up one position to 7th.
- To stay competitive FVFD/Friendswood EMS should continue annual increases of at least \$12.
- Note: FVFD and Friendswood EMS participate under a common contract

FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/09/2024

Prepared by: Karen Horner, City Attorney

Subject: Consider authorizing the Friendswood Downtown Economic Development Corporation to expend funds for the design and placement of artwork on traffic control boxes in the City of Friendswood's Downtown District and authorizing an Art Services Agreement with UP Art Studio, LLC, for such services.

Originating Department: City Attorney

Degree of importance:

SUMMARY / ORIGINATING CAUSE

On September 10, 2024, the Friendswood Downtown Economic Development Corporation (the "FDEDC") authorized, subject to the City Council's approval, the expenditure of up to \$36,000 to fund an Art Services Agreement (the "Agreement") between the City of Friendswood and UP Art Studio, LLC (the "Company").

Under the Agreement, the Company shall provide turn-key services for all phases of the installation of mini-murals approved by the City on twelve (12) traffic boxes in the downtown area. The Company shall work with Keep Friendswood Beautiful ("KFB") in selecting artists and reviewing photos and project renderings. Each traffic control box shall be primed and painted and shall have a graffiti-proof coating. The cost for each box is \$3,000. One-half of the total contract amount will be due within thirty (30) days after receiving an invoice therefor but is subject to recapture by the City. The remaining amount will not be paid until thirty (30) days after the later of (i) all of the mini-murals are completed and accepted by the City or (ii) receipt of an invoice.

Please note that the installation of the artwork is contingent upon receiving TxDOT authorization of the Project -- the general form of which is attached to this agenda item. Once the exhibits are complete, the TxDOT agreement will be submitted to the City Council for its final approval.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

1. Art Services Agreement
2. Form 1295 Certificate
3. TxDOT Agreement - Mini Murals on Traffic Signal Controller Cabinets

ARTIST SERVICES AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF GALVESTON §

This AGREEMENT ("Agreement") is entered into by and between UP Art Studio, LLC, (the "Company"), located at 806 Northwood St., Houston, TX 77009, and the City of Friendswood (the "City"), a home-rule municipality, located at 910 S Friendswood Dr., Friendswood, Texas 77546, (collectively the "Parties" and individually each a "Party") on the date set forth below.

Terms:

1. Contingency. The installation of the artwork on the traffic control cabinets pursuant to this Agreement shall be contingent upon the Texas Department of Transportation's authorization of the Project, as defined hereinbelow.
2. Scope of Services. The Company will perform the services as set forth in Exhibit "A," which is attached and incorporated herein (the "Project"). Services related to design and construction of the Project shall conform to all requirements herein.
3. Time of Performance. The Company shall perform the services required herein in accordance with the schedule attached hereto as Exhibit "C" and incorporated herein for all intents and purposes. Company shall not proceed with the work or any stage thereof until written notice to proceed is provided by the City. The Company shall immediately submit to the City in writing evidence of any delay. If satisfactory to the City's Representative, the City may grant in writing an extension of time equal to the period of actual delay.
4. Term and Termination.
 - a. Term. This Agreement shall commence on the date signed by the City Manager, and shall expire five (5) years after the City accepts the Project, unless extended in writing by the Parties.
 - b. Termination. The City, besides all other rights or remedies it may have, shall have the right to terminate this Agreement for cause or for convenience upon seven (7) days written notice to the Company. Upon delivery of any notice of termination required herein, the Company shall discontinue all services in connection with the performance of the Agreement. Within ten (10) days after receipt of the notice of termination, the Company shall submit a final statement showing in detail the services satisfactorily performed and accepted and all other appropriate documentation required herein for payment of services. At the same time that the final statement is tendered to the City, the Company shall also tender to the City all of the Company's instruments of service, including all drawings, special provisions, field survey notes, reports, estimates, and any and all other documents or work product generated by the Company under this Agreement, whether complete or not, in an acceptable form and format together with all unused materials supplied by the City. No final payment will be made until all such instruments of service and materials supplied are so tendered. The termination of this Agreement shall not relieve the Company of liability to the City for damages sustained by the City by virtue of any breach of the Agreement by the Company and the City may withhold any payment to the Company for

the purpose of setoff until such time as the exact amount of damages due the City from the Company is determined. The rights and remedies of the City in this section are in addition to any other rights and remedies provided by law or under this Agreement.

5. Compensation and Method of Payment.

- a. Compensation. The Company shall be paid for the services in accordance with Exhibit "B." In no event shall the total compensation exceed THIRTY-SIX THOUSAND AND NO/100 DOLLARS (\$36,000.00) during the term of this Agreement.
- b. Payment. Subject to subsection c of this section, the City shall tender payment for services only after (i) all such services are completed and accepted by the City, in its sole reasonable discretion and (ii) receipt of an invoice therefor from the Company. Payment by the City shall be due within thirty (30) days of receipt of an invoice, including all necessary backup information or approval of each Project, whichever is later; provided, however, in the event of a disputed or contested invoice, the City may withhold from payment that portion so disputed or contested, and the undisputed portion will be paid.
- c. Advance. The City agrees that it will pay one-half of the amount specified in subsection a of this section (the "Advance"), once the City has selected all of the artists for the Project and has received an invoice for the Advance from the Company. However, it is expressly understood and agreed that should this Agreement be terminated by the City pursuant to Section 4, the Company agrees that it will refund to the City that portion of the Advance for services, which have yet to expended by the Company at the time of receipt of the notice of termination. Such refund will be due within ten (10) days of the Company's receipt of the City's notice of termination and shall be accompanied by an accounting of all expenses paid by the Company in furtherance of this Agreement in a form acceptable to the City. Failure to pay such amounts when due shall result in interest accruing on the overdue amounts at the rate specified in Section 2251.025 of the Texas Government Code. This subsection shall survive the termination of this Agreement.

6. Insurance. The Company shall procure and maintain at its sole cost and expense for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the scope of work by the Company, its agents, representatives, volunteers, employees or subconsultants.

- a. The Company's insurance coverage shall be primary insurance with respect to the City, its officials, employees, and agents. Any insurance or self-insurance maintained by the City, its officials, employees, or agents shall be considered in excess of the Company's insurance and shall not contribute to it. Further, the Company shall include all subconsultants, agents and assigns as additional insureds under its policy or shall furnish separate certificates and endorsements for each such person or entity. All coverages for subconsultants and assigns shall be subject to all of the requirements stated herein.

- (1) Commercial General Liability
 - General Aggregate: \$2,000,000
 - Products & Completed Operations Aggregate: \$2,000,000
 - Personal & Advertising Injury: \$1,000,000
 - Per Occurrence: \$1,000,000
 - Fire Damage \$500,000
 - Waiver of Subrogation required

- Coverage shall be broad form
 - No coverage shall be deleted from standard policy without notification of individual exclusions being attached for review and acceptance.
- (2) Business Automobile Policy
 - Combined Single Limits: \$1,000,000
 - Coverage for "Any Auto"
 - Waiver of Subrogation required
 - (3) Professional Liability
 - Limit: \$2,000,000 per claim and in the aggregate
 - Coverage will be in force for one (1) year after completion of the Project
 - Waiver of Subrogation required
 - (4) Workers' Compensation
 - Statutory Limits
 - Employer's Liability \$500,000
 - Waiver of Subrogation required
- b. The following shall be applicable to all policies of insurance required herein:
- (1) Insurance carrier for all liability policies must have an A.M. Best Rating of A:VII or better.
 - (2) Only insurance carriers licensed and admitted to do business in the State of Texas will be accepted.
 - (3) Liability policies must be on occurrence form. Professional Liability policies can be on claims-made form.
 - (4) Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled, or materially changed except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.
 - (5) The City, its officers, agents, and employees are to be added as Additional Insureds to all liability policies, with the exception of the Professional Liability and Workers' Compensation policies required herein.
 - (6) All insurance required herein shall be secured and maintained in a company or companies satisfactory to the City, and shall be carried in the name of the Company.
 - (7) The Company shall provide copies of insurance certificates to the City prior to the City's execution of this Agreement and shall ensure that throughout the term of this Agreement, all certificates on file with the City are up-to-date and not expired. Failure to provide certificates constitutes a breach of this Agreement.

7. Indemnification and Release.

a. **INDEMNIFICATION.**

THE ARTIST AGREES TO AND SHALL INDEMNIFY, HOLD HARMLESS, AND DEFEND THE CITY, ITS OFFICERS, AGENTS, AND EMPLOYEES (COLLECTIVELY THE "CITY") FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND LIABILITY OF EVERY KIND, INCLUDING ALLEXPENSES OF LITIGATION,

COURT COSTS, AND ATTORNEY'S FEES, FOR INJURY TO OR DEATH OF ANY PERSON, FOR DAMAGE TO ANY PROPERTY OR FOR ANY BREACH OF AGREEMENT TO THE EXTENT ARISING OUT OF OR IN CONNECTION WITH AN ACT OF NEGLIGENCE, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT COMMITTED BY THE ARTIST AND/OR ITS OFFICERS, AGENTS, EMPLOYEES OR OTHER PERSON OR ENTITY OVER WHICH THE ARTIST EXERCISES CONTROL (COLLECTIVELY THE "THE ARTIST'S PARTIES"). IT IS THE EXPRESSED INTENTION OF THE PARTIES HERETO, BOTH THE ARTIST AND THE CITY, THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH IS INDEMNITY BY THE ARTIST TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCES OF THE ARTIST'S PARTIES' OWN WILLFUL MISCONDUCT, JOINT OR SOLE NEGLIGENCE AS WELL AS THE ARTIST'S PARTIES' INTENTIONAL TORTS AND INTELLECTUAL PROPERTY INFRINGEMENTS OUT OF OR IN CONNECTION WITH THIS AGREEMENT. SUCH INDEMNITY SHALL NOT APPLY, HOWEVER, TO LIABILITY ARISING FROM THE PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE OF PERSONS THAT IS CAUSED BY OR RESULTS FROM THE NEGLIGENCE OF ANY PERSON OTHER THAN THE ARTIST'S PARTIES. IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST THE CITY FROM WHICH THE CITY IS INDEMNIFIED, THE ARTIST FURTHER AGREES AND COVENANTS TO DEFEND THE ACTION OR PROCEEDING BY LEGAL COUNSEL ACCEPTABLE TO THE CITY. THE INDEMNITY PROVIDED HEREINABOVE SHALL SURVIVE THE TERMINATION AND/OR EXPIRATION OF THIS AGREEMENT.

b. Release.

By this Agreement, the City does not consent to litigation or suit, and the City hereby expressly revokes any consent to litigation that it may have granted by the terms of this Agreement or any other contract or agreement, any charter, or applicable state law. Nothing herein shall be construed so as to limit or waive the City's sovereign immunity. The Company assumes full responsibility for its services performed hereunder and hereby releases, relinquishes and discharges the City, its officers, agents, and employees from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to or death of any person (whether they be either of the Parties hereto, their employees, or other third parties) and any loss of or damage to property (whether the property be that of either of the Parties hereto, their employees, or other third parties) that is caused by or alleged to be caused by, arising out of, or in connection with the Company's services to be performed hereunder, provided that nothing in this Release

provision shall expand or otherwise alter the Company's indemnification obligation set forth above. This release shall apply with respect to the Company's services regardless of whether said claims, demands, and causes of action are covered in whole or in part by insurance.

c. Subconsultants.

The Company shall require all of its approved subconsultants to include in its subcontracts a release and indemnity in favor of the City in the same form as above.

8. Notices. Unless otherwise provided in this Agreement, any notice provided for or permitted to be given must be in writing and delivered in person or by depositing same in the United States mail, postpaid and registered or certified, and addressed to the Party to be notified, with return receipt requested, or by delivering the same to an officer of such Party. Notice deposited in the mail as described above shall be conclusively deemed to be effective, unless otherwise stated in this Agreement, from and after the expiration of three (3) days after it is so deposited.

For the purpose of notice, the addresses of the Parties shall be as follows unless properly changed as provided for herein below:

CITY:

City of Friendswood
910 S Friendswood Drive
Friendswood, Texas 77546
Attn: Morad Kabiri
Title: City Manager

ARTIST:

UP Art Studio, LLC
806 Northwood St.
Houston, TX 77009
Attn: Elia Quiles
Title: Chief Operating Officer

Each Party shall have the right from time to time at any time to change its respective address and each shall have the right to specify a new address, provided that at least fifteen (15) days' written notice is given of such new address to the other Party.

9. Confidentiality. During the course of the services to be provided under this Agreement, the Company may become privy to confidential information of the City. The Company agrees to treat as confidential the information or knowledge that becomes known to the Company during performance of this Agreement and to not use, copy, or disclose such information to any third party unless authorized in writing by the City. This provision does not restrict the disclosure of any information that is required to be disclosed under applicable law. The Company shall promptly notify the City of any misuse or unauthorized disclosure of the City's confidential information and upon expiration or termination of this Agreement shall return to the City all confidential information in the Company's possession or control. The Company shall further comply with all information security policies of the City that may apply and shall not make any press releases, public statements or advertisement referring to the services provided under this Agreement or the engagement of the Company without the prior written approval of the City.

10. Warranties and Representations.

- a. Compliance with Law. The Company warrants and agrees that the Company shall perform its services and conduct all operations in conformity with all applicable federal, state, and local laws, rules, regulations, and ordinances. For any service performed on premises owned or controlled by the City, the Company warrants and agrees that the Company will perform said services in compliance with all the City rules, including, but not limited to, prohibitions related to tobacco use, alcohol, and other drugs.

- b. Licenses/Certifications. The Company represents and warrants that it will obtain and maintain in effect, and pay the cost of, all licenses, permits or certifications that may be necessary for the Company's performance of this Agreement.
- c. Authority. If the Company is a business entity, the Company warrants, represents, covenants, and agrees that it is duly organized, validly existing and in good standing under the laws of the state of its formation; and is duly authorized and in good standing to conduct business in the State of Texas, that it has all necessary power and has received all necessary approvals to execute and deliver the Agreement and is authorized to execute this Agreement according to its terms on behalf of the Company.
- d. Performance/Qualifications. The Company agrees and represents that the Company has the personnel, experience, and knowledge necessary to qualify the Company for the particular duties to be performed under this Agreement. The Company warrants that all services performed under this Agreement shall be performed consistent with generally prevailing professional or industry standards.
- e. Conflict of Interest. The Company warrants, represents, and agrees that the Company presently has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the Company's performance of the services hereunder. The Company further warrants and affirms that no relationship or affiliation exists between the Company and the City that could be construed as a conflict of interest with regard to this Agreement.
- f. Prohibitions Pursuant to Texas Government Code. By executing this Agreement the Company verifies that the Company: (i) does not boycott Israel and will not during the term of this Agreement per Section 2274.002; (ii) is not engaged in business with Iran, Sudan, or any company on the list referenced in Section 2252.152; (iii) does not boycott energy companies and will not during the term of this Agreement per 2274.002; and (iv) does not have a practice, policy, guidance, or directive of this Agreement against a firearm entity or firearm trade association and will not during the term of this Agreement per 2274.002.

11. Miscellaneous.

- a. Captions. Each paragraph of this Agreement has been supplied with a caption to serve only as a guide to the contents. The caption does not control the meaning of any paragraph or in any way determine its interpretation or application.
- b. Successors and Assignments. The City and the Company each bind themselves and their successors, executors, administrators, and assigns to the other Party of this Agreement and to the successors, executors, administrators and assigns of such other Party, in respect to all covenants of this Agreement. However, neither the City nor the Company shall assign, sublet, or transfer its interest in this Agreement without the written consent of the other. Nothing herein shall be construed as creating any personal liability on the part of any officer of any public body which may be a Party hereto.
- c. Changes. The City may, from time to time, request changes in the scope of the services to be performed by the Company under this Agreement. Such changes, including any increase or decrease in the amount of the Company's compensation, which are mutually agreed upon by and between the City and the Company shall be incorporated in written amendments to

this Agreement. The City shall not be liable for any additional services performed hereunder unless an amendment to this Agreement for such services is executed prior to the performance thereof.

- d. Reports and Information. The Company shall, at such times and in such forms as the City may require, furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters covered by this Agreement.
- e. Independent Contractor. The Company is an independent contractor, and the City neither reserves nor possesses any right to control the details of the services performed by the Company under the terms of this Agreement.
- f. Civil Rights. The Company shall comply with applicable requirements of Chapter 106 of the Civil Practice and Remedies Code of the State of Texas, which prohibits discrimination on the grounds of race, religion, color, sex, or national origin, while performing work on behalf of the City. The Company shall carry out its work under this Agreement in a manner that shall ensure full compliance by the City with such statute and all applicable state and federal laws.
- g. Interest of Company and Employees. The Company covenants that it presently has no interest and shall not acquire any interest, direct or indirect, in the study area or any parcels therein or any other interests which would conflict in any manner or degree with the performance of its services hereunder. The Company further covenants that in the performance of this Agreement, no person who has any such interest shall be employed by the Company.
- h. Incorporation of Provisions Required by Law. Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion upon application by either Party.
- i. Governing Law. This Agreement has been made under and shall be governed by the laws of the State of Texas.
- j. Venue. Any action brought by either Party based on any claim arising under or as a result of this Agreement shall be brought in a court of competent jurisdiction in Galveston County, Texas.
- k. Time is of the Essence. The Company shall perform the services herein as expeditiously as is prudent considering the ordinary professional skill and care of a competent artist. It is anticipated that all work will be completed within the time as stated in the schedule from the date of execution and that any delay in the completion of the work described herein shall constitute a breach of this Agreement.
- l. No Third-Party Beneficiary. This Agreement shall not bestow any rights upon any third party, but rather, shall bind and benefit the Company and the City only.
- m. No Right to Arbitration. Notwithstanding anything to the contrary contained in this Agreement, the City and the Company hereby agree that no claim or dispute between the City and the Company arising out of or relating to this Agreement shall be decided by any

arbitration proceeding, including, without limitation, any proceeding under the Federal Arbitration Act (9 U.S.C. Sections 1-14), or any applicable state arbitration statute, including, but not limited to, the Texas General Arbitration Act, provided that in the event that the City is subjected to an arbitration proceeding notwithstanding this provision, the Company consents to be joined in the arbitration proceeding if the Company's presence is required or requested by the City of complete relief to be recorded in the arbitration proceeding.

- n. Waiver. No waiver by either Party to this Agreement of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.
- o. Force Majeure. Neither Party shall be liable to the other for (i) any delay in performance; (ii) any other breach; (iii) any loss or damage; or (iv) any contribution to or aggravation of any of the foregoing; arising solely from uncontrollable forces such as fire, theft, storm, war, or any other cause that could not have been reasonably avoided by the Parties' exercise of due diligence.
- p. Products and Materials Produced in Texas. If the Company will provide services under the Agreement, the Company covenants and agrees that in performing its duties and obligations under the Agreement, it will purchase products and materials produced in Texas when such products and materials are available at a price and delivery time comparable to products and materials produced outside of Texas.
- q. Risk of Loss. All Work performed by the Company pursuant to the Agreement will be at the Company's exclusive risk until final and complete acceptance of the Work by City. In the case of any loss or damage to the Work, or the need to redo or revise the Work for any reason except to accommodate a City request to materially alter the Work, prior to the City's acceptance, bearing the costs of such loss or damage to or such redo or revision of the Work will be the Company's responsibility.
- r. Publicity. The Company shall not use the City's name, logo or likeness in any press release, marketing materials or other public announcement without receiving the City's prior written approval.
- s. Complete Agreement. This Agreement represents the entire and integrated agreement between the City and the Company in regard to the subject matter hereof and supersedes all prior negotiations, representations, or agreements, whether written or oral, on the subject matter hereof.
- t. Severability. All Parties agree that should any provision of this Agreement be determined to be invalid or unenforceable, such determination shall not affect any other term of this Agreement, which shall continue in full force and effect.
- u. Ambiguities. In the event of any ambiguity in any of the terms of this Agreement, it shall not be construed for or against any Party hereto on the basis that such Party did or did not author the same.
- v. Authority. The officers executing this Agreement on behalf of the Parties hereby represent that such officers have full authority to execute this Agreement and to bind the Party he/she represents.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in multiple copies, each of which shall be deemed to be an original, but all of which shall constitute but one and the same Agreement, on the ____ day of _____, 2024, the date of execution by the City Manager of the City of Friendswood.

CITY:
City of Friendswood

ARTIST:
UP Art Studio, LLC

MORAD KABIRI, City Manager

Elia Quiles
ELIA QUILES, Chief Operating
Officer

ATTEST:

ATTEST:

LETICIA BRYSCH, City Secretary

(OFFICER OR SECRETARY)

Exhibit "A"

SCOPE OF SERVICES

1. Basic Services. The Company will provide turn-key services for all phases of the installation of mini-murals approved by the City on twelve (12) traffic signal boxes located in Friendswood. This turn-key service includes working with City staff and with the Keep Friendswood Beautiful ("KFB") citizen committee, managing all logistics and materials related to the Project to ensure timely and quality execution, and overseeing each phase of the Project to ensure high-quality work throughout. Basic Services include, but are not limited to, the following:
 - a. Artist and Artwork Selection and Approval
The Company shall:
 - Work closely with City staff on selection of boxes, including their age, dimensions, and locations;
 - Facilitate the review process and work with KFB committee on selection of artists, based upon their portfolio, experience and alignment with the Project's aesthetic and community engagement goals;
 - Assign each selected artist to a cabinet to develop a design concept in collaboration with KFB committee and the Company;
 - Provide project photos and project renderings/description/documentation for final approval by KFB committee before mini-mural is created; and
 - Facilitate the review process with the KFB committee, the City and, if required, TxDOT for feedback and final approval.
 - b. Painting/Clearcoating/Photography
The Company shall or shall ensure that the selected artists perform the following services:
 - Surface Preparation and Priming.
The Company shall clean the cabinets to ensure the surface is ready for painting; and apply a direct-to-metal primer to the cabinets before painting begins to ensure proper paint adhesion.
 - Painting
The Company shall ensure that artists will use a combination of acrylic-based exterior latex paint and/or aerosol paint, tailored to each design and project specifications.
 - Clear Coating
The Company shall apply an industrial-grade UV and graffiti-resistant clear coat after painting is complete to protect the artwork from environmental wear and vandalism.
 - Photography:
The Company shall manage photography so that photographs of the mural creation process in process (if possible) of final images once the artwork is completed are taken.
 - c. Completion Phase
Upon acceptance of the Project by the City, the Company shall provide the following deliverables:
 - Final Report:
Upon project completion, the Company will provide a final report to the City detailing the process, including images of the finished murals.
 - Website Upload:

The Company shall upload the completed murals, along with photos and details to the Mini Murals™ website for public viewing and documentation.

d. Project Maintenance

Commencing on the date the City accepts the Project, the Company shall provide three years of maintenance, covering minor incidents of vandalism (up to three incidents).

- Since Mini Murals are painted on functioning equipment, which may require repair or replacement, the Company cannot guarantee the condition or longevity of each Mini Mural and makes no representation or warranty regarding how long each mural will remain intact.
- If an artist is unable to complete the work within the agreed-upon timeline, the Company reserves the right to replace the artist with one of a similar skill set to ensure timely project completion.
- If artwork is removed or replaced by TxDOT, regardless of the reason, a new mural will not be provided unless payment is made for the creation of a new mural.

e. Project Management

The Company shall be responsible for all the Company relations and Project management, including:

- Being responsible for all contract negotiations and payments/stipends for each artist as well as oversight of Project delivery and any recommendations changes or additions to the piece suggested by the KFB committee;
- Ensuring that the selected artists:
 - create designs that align with the Project's vision and TxDOT's guidelines;
 - paint the cabinets based on their approved designs;
 - acquire paints and any additional tools needed for their mural execution; and
 - permit photographs of the painting process, which will contribute to the Project's visual archive.
- Maintaining liability insurance and being responsible for risk management of the Project.
- Performing necessary measures for quality assurance, site inspections, and public safety assurance; and
- Maintaining the Project throughout the term of this Agreement and the three-year warranty period to conform to the requirements of TxDOT.

2. Additional Services. The City shall not be responsible or liable for any additional services performed by the Company unless such additional services have been approved in writing prior to the performance of the same. The Company will perform additional services at a price agreed upon by the Parties in writing prior to the performance of such services.

Exhibit "B"
COMPENSATION

Basic Services

Basic Services required under this Agreement, including all expenses associated therewith, shall be performed for a lump sum fee of THREE THOUSAND AND NO/100 DOLLARS (\$3,000.00) per electrical box accepted by the City. Payment will be made in two lump sum amounts as provided in Section 5 of the Agreement as follows:

Advance: Selection of Artists	\$18,000
Final Acceptance of the Project	\$18,000

Exhibit "C" Schedule

The Company shall perform the Basic Services specified in Exhibit "A" in accordance with the following schedule:

- **Mid-November - Early December 2024:**
 - **Artist and Artwork Selection:** Artists will be selected, and designs will be developed and submitted for approval. The design phase will take approximately 3 weeks.
 - **Artwork Approval:** The approval process, involving UP Art Studio, the City, and TxDOT, will ensure designs meet the project's standards.
- **Mid December 2024:**
 - **Surface Preparation & Priming:** Cabinets will be cleaned, sanded, and primed for each location.
- **Mid-December 2024 – January 2025:**
 - **Painting:** Artists will begin painting the murals. Each mural will take 2-7 days, with documentation through photos during the painting process, if possible. This stage is weather permitting.
- **Late January 2025:**
 - **Clear Coating:** After painting, the protective clear coat will be applied, taking an additional 2 days for curing. This stage is also weather permitting.
- **February 2025:**
 - **Final Inspection and Photography:** UP Art Studio will conduct a final inspection, take final photographs, and prepare a detailed report for submission to the City.
 - **Website Upload:** The completed murals and associated documentation will be uploaded to UP Art Studio's website.

STATE OF TEXAS §

COUNTY OF TRAVIS §

**AGREEMENT FOR PAINTING/WRAPPING OF
TRAFFIC SIGNAL CONTROLLER CABINET
FOR GOVERNMENTAL ENTITIES**

THIS AGREEMENT IS MADE BY AND BETWEEN the State of Texas, acting through the Texas Department of Transportation, hereinafter called the "State" or "TxDOT," and the City of Friendswood, Texas hereinafter called the "Local Government."

WITNESSETH

WHEREAS, Transportation Code, Chapter 201 and Transportation Code, Chapter 221 authorizes the State to lay out, construct, maintain, and operate a system of streets, roads, and highways that comprise the State Highway System; and,

WHEREAS, the State, allows local governments an opportunity to support the aesthetic improvement of the state highway system by donating the project development, establishment, and maintenance of decorating a traffic signal controller cabinet on a section of the state highway system upon approval of the State.

WHEREAS, the Local Government has requested that the State allow the Local Government to participate in said improvement by funding the improvement described as decorating the traffic signal controller cabinet, hereinafter called the "Project"; and,

WHEREAS, the State has determined that such participation is in the best interest of the citizens of the State; and

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties hereto, to be by them respectively kept and performed as hereinafter set forth, the State and the Local Government do agree as follows:

AGREEMENT

ARTICLE 1. TIME PERIOD

- A.** This agreement becomes effective when signed by the last party whose signing makes the agreement fully executed and shall terminate on **[INSERT A SPECIFIC DATE THAT IS NO MORE THAN 5 YEARS AWAY]** or unless terminated in accordance with Article 10. This agreement may be renewed in writing by mutual agreement of the parties for two additional five-year terms after the expiration of the initial term of the contract.
- B.** At the end of the agreement, the Local Government shall restore the State's property to that of its previous condition unless mutually agreed otherwise. The cost of restoring the property shall be borne by the Local Government and meet standards in accordance with Article 7.

ARTICLE 2. PROJECT

- A.** The Local Government agrees to have the work performed as described in Attachment A, Plan, which consists of traffic control plans, sketches, drawings, and in Attachment B, Work Responsibilities. The plan shall be subject to the review and satisfactory approval by the State prior to Painting/Wrapping. No modification to the approved plan may be made without the prior written approval of TxDOT's local District Engineer.
- B.** Unless otherwise specifically stated in Attachment B, the State may supervise and inspect all work performed and provide such engineering inspection services as may be required to ensure that the project is accomplished in accordance with Attachment A.
- C.** The Local Government agrees to maintain the Painting/Wrappings to the State's satisfaction for the period of this agreement in accordance with Attachment C, Project Work Schedule.
- D.** The Local Government shall provide, erect, and maintain to the satisfaction of the State any barricades, signs, and traffic handling devices necessary to protect the safety of the traveling public while performing any work on the project.
- E.** The Local Government shall be responsible for any additional exhaust fan, or fans, should the equipment in the traffic signal controller cabinets included in the Painting/Wrapping plan not have a second fan already present. The fans should be inspected to ensure full functionality.
- F.** Traffic Signal Controller cabinets included in the Painting/Wrapping plan shall be evaluated by the State on a

case-by-case basis for suitability. Cabinets more heavily populated with equipment will have higher temperatures than those less populated with equipment and will be more likely to approach the rated temperature and may be excluded from the plan by the State.

- G. The Local Government shall consult with the manufacturers of the Traffic Signal Controller cabinet to identify paint types/Wrapping Material that will adhere to aluminum and use the recommended products.
- H. All aspects of the project shall be carried out in compliance with applicable federal and state laws and regulations. The project shall be designed in accordance with Attachment A and with TxDOT's latest policies, procedures, standards, and guidelines. The Local Government shall award and manage all work.
- I. It is expressly understood that the State does not purport hereby to grant any right, claim, title or easement in or upon this State property.

ARTICLE 3. PROJECT FUNDING

- A. The Local Government is responsible for 100% of the cost of designing, decorating and maintaining the project. State funds shall not be made available to contribute to the design, Painting/Wrapping, or maintenance of this project under any circumstances.
- B. Any costs incurred by the State for repairs to the State Property, for removal of debris or any other necessary restoration work as a result of the project shall be billed to the Local Government at cost. The Local Government shall make full and complete payment to the State within thirty (30) days from receipt of State's written notification.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES

- A. The Local Government represents and warrants that it has unrestricted and full use of any materials and items described in Attachment A and that by signing this agreement it relinquishes and transfers all rights and interest in and use to the State.
- B. The Local Government acknowledges that while it is not an agent, servant, nor employee of the State, it is responsible for its own acts and deeds and for those of its agents or employees during the performance of the work on the Project.

ARTICLE 5. MAINTENANCE

- A. Upon completion of the Project, the Local Government will assume responsibility for the maintenance of the Painting/Wrapping.
- B. If the State requires to perform maintenance work on the decorated Traffic Signal Controller Cabinet it shall, and if there is any damage to the Painting/Wrappings the Local Government will be responsible for 100% of the cost of the repair to the Painting/Wrapping

ARTICLE 6. RIGHT OF ACCESS

- A. The State shall permit the Local Government access to the site to perform any activities required to execute the work.
- B. Ingress and egress shall be allowed at all times for Federal and Highway Administration personnel and state employees and equipment when highway maintenance operations are necessary and for inspection purposes.
- C. This agreement does not give the Local Government any right to display or permit any other party to display literature, memorabilia, artifacts, or anything else in or around the Painting/Wrapping project, with the exception of the project itself. The Local Government shall follow all current TxDOT rules, policies, procedures, and regulations, which may be modified by TxDOT at any time without notice.

ARTICLE 7. CONDITION OF THE PROPERTY

- A. The Local Government shall complete the project in strict conformity to the plan as approved by the State. The Local Government shall not deposit any waste products on the premises and shall remove any materials and debris from the premises at the end of the project. The Painting/Wrapping project shall pose no danger or interfere to the traveling public. The State may halt the project at any time if, in its sole judgment, construction is posing a danger to the traveling public.
- B. The Local Government shall avoid damage on or outside the State property. At the State's request, the Local Government shall, at its own expense, restore or repair damage occurring on or outside State property, including but not limited to roadway and drainage structures, overhead signs, signs, traffic signals, pavement markings, and pavement to a condition equal to that existing before the project, and restore the natural and cultural environment in accordance with federal and state laws, including landscaping and historical features.

ARTICLE 10. TERMINATION

- A. This agreement may be terminated by: mutual written agreement and consent of both parties; the State upon the Local Government's violation of contract terms or failure to fulfill the obligations of this agreement; or the State if it determines that the performance of the project is not in the best interest of the State.
- B. If the Local Government fails to maintain the project in accordance with Attachment C, Maintenance Schedule, the project shall be subject to removal at the State's discretion and at the Local Government's expense.
- C. If the project is not completed within one year of the date of execution of this agreement, this agreement shall be terminated.

In the event the Project is not completed, the State shall seek reimbursement from the Local Government for repairs to the State Property, for removal of debris or any other necessary restoration work as a result of the project. The State shall bill the Local Government at cost and the Local Government shall make full and complete payment to the State within thirty (30) days from receipt of State's written notification.

ARTICLE 11. NOTICES

All notices to either party by the other required under this agreement shall be delivered personally or sent by certified or U.S. mail, postage prepaid or sent by electronic mail, (electronic notice being permitted to the extent permitted by law but only after a separate written consent of the parties), addressed to such party at the following addresses:

Local Government:	State:
<i>Mail to:</i> City of Friendswood Attn: City Manager 910 S Friendswood Dr. Friendswood, TX 77546	<i>Mail To:</i> District Engineer Texas Department of Transportation, Houston District 7600 Washington Avenue Houston, Texas 77007

All notices shall be deemed given on the date so delivered or so deposited in the mail, unless otherwise provided herein. Either party may change the above address by sending written notice of the change to the other party. Either party may request in writing that such notices shall be delivered personally or by certified U.S. mail and such request shall be honored and carried out by the other party.

ARTICLE 12. SOLE AGREEMENT

In the event the terms of the agreement are in conflict with the provisions of any other existing agreements between the Local Government and the State, the latest agreement shall take precedence over the other agreements in matters related to the Project.

ARTICLE 13. AMENDMENTS

By mutual written consent of the parties, this contract may be amended prior to its expiration.

ARTICLE 14. EMPLOYEES NOT TO BENEFIT

Texas Transportation Commission policy mandates that employees of the Texas Department of Transportation shall not accept any benefit, gift or favor from any person doing business with or who reasonably speaking may do business with the State under this contract. The only exceptions allowed are ordinary business lunches and items that have received the advance written approval of the Executive Director of the Texas Department of Transportation.

ARTICLE 15. DISPUTES

In the event of disputes as to obligations under the agreement, the State's decision shall otherwise be final and binding.

ARTICLE 16. ORDER OF DOCUMENT PRECEDENCE

In the event of any conflict among the elements of this agreement, they should prevail in this order

- A. This Agreement,
- B. Attachment A, Painting/Wrapping Plan,
- C. Attachment B, Work Responsibilities,
- D. Attachment C, Project Work Schedule.

ARTICLE 17. CONFIDENTIALITY

To the extent permitted by law, the Local Government shall not disclose information obtained from the State under this contract without the express written consent of the State.

ARTICLE 18. ASSIGNMENTS OR SUBCONTRACTS

The Local Government shall not assign or otherwise transfer their obligations under this agreement except with prior written consent of TxDOT. Subcontracts in excess of \$25,000 shall contain all applicable terms and conditions of this contract. A copy of the subcontract must be sent to TxDOT immediately following execution.

ARTICLE 19. INDEMNIFICATION

A. Errors, Omissions, Negligent Acts. To the extent permitted by law, the Local Government shall indemnify and save harmless the State and its officers and employees from all claims and liability due to activities of itself, its agents, or employees, which are performed under this contract, and which are caused by or result from error, omission, or act of the Local Government, its agent, or any person employed by the Local Government.

B. Attorney Fees. To the extent permitted by law, the Local Government shall also indemnify and save harmless the State from any and all expense, including, but not limited to, attorney fees, which may be incurred by the State in litigation or otherwise resisting a claim or liabilities that may be imposed on the State as a result of error, omission, or act of the Local Government, its agents, or its employees.

ARTICLE 20. COMPLIANCE WITH LAWS

The Local Government performance shall be in compliance with all federal, state, and local laws, ordinances, and regulations including but not limited to:

- ◆ the Endangered Species Act of 1973, 16 USC Section 1531 et seq., and the regulations there as amended;
- ◆ TxDOT erosion and sedimentation control standards and TxDOT Vegetation and Management Standards, which may in any way regulate or control the activity; and
- ◆ all state and federal environmental laws and any conditions required by the State to protect the environment.

ARTICLE 21. STATE AUDITOR

The state auditor may conduct an audit or investigation of any entity receiving funds from the state directly under the contract or indirectly through a subcontract under the contract. Acceptance of funds directly under the contract or indirectly through a subcontract under this contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. An entity that is the subject of an audit or investigation must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit.

ARTICLE 22. INSURANCE

If the Local Government or its subcontractors shall perform work on the State's right of way, the Local Government or its subcontractors shall maintain insurance on file with Contract Services of the Texas Department of Transportation in the amount specified on Texas Department of Transportation Form 1560, Certificate of Insurance, as required by the State. No other proof of insurance is acceptable to the State. The Local Government or its subcontractors certifies that it shall keep current insurance on file with that office for the duration of the contract period. If insurance lapses during the contract period, the Local Government or its subcontractors must stop work until a new certificate of insurance is provided.

ARTICLE 23. SIGNATORY WARRANTY

The signatories to this agreement warrant that each has the authority to enter into this agreement on behalf of the party they represent.

IN WITNESS WHEREOF, THE STATE AND THE LOCAL GOVERNMENT have executed duplicate counterparts to effectuate this agreement.

THE STATE OF TEXAS

Executed for the Executive Director and approved for the Texas Transportation Commission for the purpose and effect of activating and/or carrying out the orders, established policies or work programs heretofore approved and authorized by the Texas Transportation Commission.

_____, P. E.
District Engineer

Date _____

THE LOCAL GOVERNMENT

Name of the Local Government City of Friendswood

By _____ Date _____

Typed or Printed Name and Title Morad Kabiri, City Manager

Attachments

- A. Painting/Wrapping Plan**
- B. Work Responsibilities**
- C. Project Work Schedule**

Attachment A
Painting/Wrapping Plan

Attachment B
Work Responsibilities

Attachment C
Project Work Schedule

**FRIENDSWOOD CITY COUNCIL
AGENDA ITEM FORM**

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 10/08/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider approving the ad valorem tax report for September 2024.

Originating Department: Finance

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This item allows the Council to receive the ad valorem tax report for September 2024.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

ATTACHMENTS

- 1. GalCoTax Sept 24



Cheryl E. Johnson, PCC, CTOP
Assessor and Collector of Taxes
County of Galveston

722 Moody Avenue, Galveston Texas 77550
Toll Free (877) 766-2284 Fax: (409) 766-2479
Email: galcotax@galvestoncountytexas.gov

October 9, 2024



The Governmental Entities of the Galveston County Tax Assessor/Collector's Office:

I, Cheryl E. Johnson, Tax Assessor and Collector of the County of Galveston do solemnly swear that this statement of collections made by me and the disposition thereof during the month of September, 2024 is true and correct.

Under my hand and seal this 9th day of October, 2024.

Cheryl E. Johnson, PCC
Galveston County Tax Assessor/Collector



cc: Randall Rice, County Auditor
Linebarger, Goggan, Blair, & Simpson
Perdue, Brandon, Fielder, Collins, & Mott
Assessment & Collection Partners:

City of Bayou Vista
City of Clear Lake Shores (delinquent)
City of Dickinson
City of Friendswood
City of Galveston
City of Hitchcock
City of Jamaica Beach
City of Kemah
City La Marque
City of League City
City of Santa Fe
City of Texas City
City of Tiki Island
Dickinson Independent School District
Galveston Independent School District
High Island Independent School District
Hitchcock Independent School District
College of the Mainland
Bay Colony West MUD

Galveston Community College
GC Drainage District No. 1
GC Drainage District No. 2
GC Emergency Services Dist. No. 1
GC Emergency Services Dist. No. 2
GC Fresh Water Supply Dist. No. 6
Bacliff MUD
Bayview MUD
Galveston County MUD No. 12
Galveston County MUD No. 13
Galveston County MUD No. 44
San Leon MUD
Tara Glen MUD
GC Navigation District No. 1
WCID No. 1
WCID No. 12
WCID No. 19
Westwood Management District

Galveston County MUD No. 2
Galveston County MUD No. 3
South Shore Harbour MUD No. 2
South Shore Harbour MUD No. 3
South Shore Harbour MUD No. 6
South Shore Harbour MUD No. 7

Non Entity Partners (as appropriate):

Clear Creek Independent School District
Friendswood Independent School District
Santa Fe Independent School District
Texas City Independent School District
GC Consolidated Drainage District
Flamingo Isles MUD
Galveston Co Management Dist #1
Galveston County MUD No. 1
Galveston County MUD No. 6
Galveston County MUD No. 14
Galveston County MUD No. 15
Galveston County MUD No. 29
Galveston County MUD No. 30

Galveston County MUD No. 31
Galveston County MUD No. 32
Galveston County MUD No. 39
Galveston County MUD No. 43
Galveston County MUD No. 45
Galveston County MUD No. 46
Galveston County MUD No. 52
Galveston County MUD No. 54
Galveston County MUD No. 56
Galveston County MUD No. 66
Galveston County MUD No. 68
WCID No. 8
West Ranch Management Dist. #1

10/03/2024 16:46:30 4651208
TC298-D SELECTION: DEPOSIT
RECEIPT DATE: ALL

LOCATION: ALL

TAX COLLECTION SYSTEM
DEPOSIT DISTRIBUTION
FROM: 09/01/2024 THRU 09/30/2024
JURISDICTION: 0337 FRIENDWD CITY

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INCLUDES AG ROLBACK

YEAR	FUND	TAX RATE	LEVY PAID	DISCOUNT GIVEN	PENALTY INTEREST	TIF AMOUNT	DISBURSE TOTAL	ATTORNEY	OTHER FEES	REFUND AMOUNT	PAYMENT AMOUNT
2023	M & O	.379450	19,213.84-	.00	2,848.17	.00	16,365.67-	2,893.87	.00	.00	13,471.80-
	I & S	.121278	6,141.03-	.00	910.32	.00	5,230.71-	.00	.00	.00	5,230.71-
	TOTAL	.500728	25,354.87-	.00	3,758.49	.00	21,596.38-	2,893.87	.00	.00	18,702.51-
2022	M & O	.388560	438.84-	.00	629.35	.00	190.51	664.82	.00	.00	855.33
	I & S	.098754	111.53-	.00	159.94	.00	48.41	.00	.00	.00	48.41
	TOTAL	.487314	550.37-	.00	789.29	.00	238.92	664.82	.00	.00	903.74
2021	M & O	.385147	56.87	.00	11.07	.00	67.94	3.47	.00	.00	71.41
	I & S	.102167	15.08	.00	2.94	.00	18.02	.00	.00	.00	18.02
	TOTAL	.487314	71.95	.00	14.01	.00	85.96	3.47	.00	.00	89.43
2020	M & O	.392153	73.76	.00	30.32	.00	104.08	18.54	.00	.00	122.62
	I & S	.095161	17.90	.00	7.36	.00	25.26	.00	.00	.00	25.26
	TOTAL	.487314	91.66	.00	37.68	.00	129.34	18.54	.00	.00	147.88
2019	M & O	.432160	10.67	.00	7.26	.00	17.93	4.33	.00	.00	22.26
	I & S	.089279	2.21	.00	1.50	.00	3.71	.00	.00	.00	3.71
	TOTAL	.521439	12.88	.00	8.76	.00	21.64	4.33	.00	.00	25.97
2018	M & O	.437173	10.80	.00	8.64	.00	19.44	4.73	.00	.00	24.17
	I & S	.095218	2.35	.00	1.88	.00	4.23	.00	.00	.00	4.23
	TOTAL	.532391	13.15	.00	10.52	.00	23.67	4.73	.00	.00	28.40
ALL	M & O		19,500.58-	.00	3,534.81	.00	15,965.77-	3,589.76	.00	.00	12,376.01-
ALL	I & S		6,215.02-	.00	1,083.94	.00	5,131.08-	.00	.00	.00	5,131.08-
ALL	TOTAL		25,715.60-	.00	4,618.75	.00	21,096.85-	3,589.76	.00	.00	17,507.09-
DIQ	M & O		19,500.58-	.00	3,534.81	.00	15,965.77-	3,589.76	.00	.00	12,376.01-
DIQ	I & S		6,215.02-	.00	1,083.94	.00	5,131.08-	.00	.00	.00	5,131.08-
DIQ	TOTAL		25,715.60-	.00	4,618.75	.00	21,096.85-	3,589.76	.00	.00	17,507.09-
CURR	M & O		.00	.00	.00	.00	.00	.00	.00	.00	.00
CURR	I & S		.00	.00	.00	.00	.00	.00	.00	.00	.00
CURR	TOTAL		.00	.00	.00	.00	.00	.00	.00	.00	.00

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TC298-M SELECTION: DEPOSIT

4651208

TAX COLLECTION SYSTEM
DEPOSIT DISTRIBUTION
REVERSALS DETAIL SCHEDULE
FROM: 09/01/2024 THRU 09/30/2024
JURISDICTION: 337 FRIENDWD CITY

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INCLUDES AG ROLLBACK

YEAR	DEPOSIT	ACCOUNT NUMBER	EFF YR/MO	LEVY PAID	DISCOUNT GIVEN	PENALTY INTEREST	ATTORNEY CAUSE /REV	REFUND AMOUNT	PAYMENT AMOUNT CAT
2022	RF240924	1043990010079	202301	0.00	0.00	0.00	0.00 HK25	132.02-	132.02-RF
2022	RF240924	1043990010079	202301	132.02-	0.00	0.00	0.00 HK25	132.02	0.00 RF
2022	RF240924	1057880000005	202212	0.00	0.00	0.00	0.00 HK25	256.69-	256.69-RF
2022	RF240924	1057880000005	202212	256.69-	0.00	0.00	0.00 HK25	256.69	0.00 RF
2022	RF240924	1063210000011	202301	238.87-	0.00	0.00	0.00 HK25	238.87	0.00 RF
2022	RF240924	1063210000011	202301	0.00	0.00	0.00	0.00 HK25	238.87-	238.87-RF
2022	RF240924	1254280010011	202404	254.83-	0.00	38.22-	0.00 HK25	293.05	0.00 RF
2022	RF240924	1254280010011	202404	0.00	0.00	0.00	0.00 HK25	293.05-	293.05-RF
2022	RF240924	168742	202301	254.28-	0.00	0.00	0.00 HK25	254.28	0.00 RF
2022	RF240924	168742	202301	0.00	0.00	0.00	0.00 HK25	254.28-	254.28-RF
2022	RF240924	168918	202301	0.00	0.00	0.00	0.00 HK25	309.87-	309.87-RF
2022	RF240924	168918	202301	309.87-	0.00	0.00	0.00 HK25	309.87	0.00 RF
2022	RF240924	400975	202212	0.00	0.00	0.00	0.00 HK25	425.21-	425.21-RF
2022	RF240924	400975	202212	425.21-	0.00	0.00	0.00 HK25	425.21	0.00 RF
2022	RF240924	401071	202301	0.00	0.00	0.00	0.00 HK25	438.95-	438.95-RF
2022	RF240924	401071	202301	438.95-	0.00	0.00	0.00 HK25	438.95	0.00 RF
2022	RF240924	408707	202212	0.00	0.00	0.00	0.00 HK25	24.37-	24.37-RF
2022	RF240924	408707	202212	24.37-	0.00	0.00	0.00 HK25	24.37	0.00 RF
2022	RF240924	612930	202301	0.00	0.00	0.00	0.00 HK25	544.24-	544.24-RF
2022	RF240924	612930	202301	544.24-	0.00	0.00	0.00 HK25	544.24	0.00 RF
2022	RF240924	739996	202301	0.00	0.00	0.00	0.00 HK25	280.39-	280.39-RF
2022	RF240924	739996	202301	280.39-	0.00	0.00	0.00 HK25	280.39	0.00 RF
2022 TOTAL				3,159.72-	0.00	38.22-	0.00	0.00	3,197.94-
2023	RF240924	1035000000025	202401	230.21-	0.00	0.00	0.00 HK13	230.21	0.00 RF
2023	RF240924	1035000000025	202401	0.00	0.00	0.00	0.00 HK13	230.21-	230.21-RF
2023	RF240924	1035000000029	202312	227.42-	0.00	0.00	0.00 HK13	227.42	0.00 RF
2023	RF240924	1035000000029	202312	0.00	0.00	0.00	0.00 HK13	227.42-	227.42-RF
2023	RF240924	1043990000013	202311	0.00	0.00	0.00	0.00 HK13	88.23-	88.23-RF
2023	RF240924	1043990000013	202311	88.23-	0.00	0.00	0.00 HK13	88.23	0.00 RF
2023	RF240924	1043990010079	202401	178.88-	0.00	0.00	0.00 HK13	178.88	0.00 RF
2023	RF240924	1043990010079	202401	0.00	0.00	0.00	0.00 HK13	178.88-	178.88-RF
2023	RF240924	1050080000033	202311	0.00	0.00	0.00	0.00 HK13	75.73-	75.73-RF
2023	RF240924	1050080000033	202311	75.73-	0.00	0.00	0.00 HK13	75.73	0.00 RF
2023	RF240924	1057880000005	202312	0.00	0.00	0.00	0.00 HK13	362.56-	362.56-RF
2023	RF240924	1057880000005	202312	362.56-	0.00	0.00	0.00 HK13	362.56	0.00 RF
2023	RF240924	1063210000011	202401	315.69-	0.00	0.00	0.00 HK13	315.69	0.00 RF
2023	RF240924	1063210000011	202401	0.00	0.00	0.00	0.00 HK13	315.69-	315.69-RF
2023	RF240924	1184320010004	202401	0.00	0.00	0.00	0.00 HK13	4,057.53-	4,057.53-RF
2023	RF240924	1184320010004	202401	4,057.53-	0.00	0.00	0.00 HK13	4,057.53	0.00 RF
2023	RF240924	1184320010004	202401	0.00	0.00	0.00	0.00 HK13	23,571.55-	23,571.55-RF
2023	RF240924	1184320010004	202401	23,571.55-	0.00	0.00	0.00 HK13	23,571.55	0.00 RF
2023	RF240924	1209450010001	202312	0.00	0.00	0.00	0.00 HK13	5,428.25-	5,428.25-RF

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YEAR	DEPOSIT	ACCOUNT NUMBER	EPF YR/MO	LEVY PAID	DISCOUNT GIVEN	PENALTY INTEREST	ATTORNEY CAUSE /REV	REFUND AMOUNT	PAYMENT AMOUNT CAT
2023	RF240924	1209450010001	202312	5,428.25-	0.00	0.00	0.00 HK13	5,428.25	0.00 RF
2023	RF240924	1224690010009	202401	1,171.29-	0.00	0.00	0.00 HK13	1,171.29	0.00 RF
2023	RF240924	1224690010009	202401	0.00	0.00	0.00	0.00 HK13	1,171.29-	1,171.29-RF
2023	864090424PHC	1254280010007	202408	420.83-	0.00	37.87-	0.00 HCCE	0.00	458.70-RI
2023	864090424PHC	1254280010007	202408	29.46-	0.00	3.24-	6.54-HCCE	0.00	39.24-RI
2023	864090424PHC	1254280010007	202408	420.83-	0.00	29.46-	0.00 HCCE	0.00	450.29-RI
2023	RF240910	146628	202310	0.00	0.00	0.00	0.00 23SO	566.45-	566.45-RF
2023	RF240910	146628	202310	566.45-	0.00	0.00	0.00 23SO	566.45	0.00 RF
2023	902090924T	168711	202401	1,595.97-	0.00	0.00	0.00 CERT	0.00	1,595.97-TR
2023	RF240924	168742	202401	465.17-	0.00	0.00	0.00 23SO	465.17	0.00 RF
2023	RF240924	168742	202401	0.00	0.00	0.00	0.00 23SO	465.17-	465.17-RF
2023	RF240924	168918	202401	0.00	0.00	0.00	0.00 23SO	468.59-	468.59-RF
2023	RF240924	168918	202401	468.59-	0.00	0.00	0.00 23SO	468.59	0.00 RF
2023	RF240925	168983	202311	0.00	0.00	0.00	0.00 CERT	919.63-	919.63-RF
2023	RF240925	168983	202311	919.63-	0.00	0.00	0.00 CERT	919.63	0.00 RF
2023	RF240924	200707	202401	0.00	0.00	0.00	0.00 23SO	2,508.10-	2,508.10-RF
2023	RF240924	200707	202401	2,508.10-	0.00	0.00	0.00 23SO	2,508.10	0.00 RF
2023	RF240924	201294	202310	250.67-	0.00	0.00	0.00 23SO	250.67	0.00 RF
2023	RF240924	201294	202310	0.00	0.00	0.00	0.00 23SO	250.67-	250.67-RF
2023	RF240924	201754	202401	0.00	0.00	0.00	0.00 23SO	467.17-	467.17-RF
2023	RF240924	201754	202401	467.17-	0.00	0.00	0.00 23SO	467.17	0.00 RF
2023	RF240924	203227	202401	342.20-	0.00	0.00	0.00 23SO	342.20	0.00 RF
2023	RF240924	203227	202401	0.00	0.00	0.00	0.00 23SO	342.20-	342.20-RF
2023	RF240924	203227	202401	0.00	0.00	0.00	0.00 23SO	149.53	0.00 RF
2023	RF240924	219285	202401	149.53-	0.00	0.00	0.00 23SO	149.53	149.53-RF
2023	RF240924	219285	202401	0.00	0.00	0.00	0.00 23SO	329.98-	329.98-RF
2023	RF240924	292245	202401	329.98-	0.00	0.00	0.00 23SO	329.98	0.00 RF
2023	RF240924	292245	202401	0.00	0.00	0.00	0.00 23SO	569.72-	569.72-RF
2023	RF240924	306960	202312	569.72-	0.00	0.00	0.00 23SO	569.72	0.00 RF
2023	RF240924	306960	202312	0.00	0.00	0.00	0.00 23SO	496.99-	496.99-RF
2023	RF240924	308662	202401	496.99-	0.00	0.00	0.00 23SO	496.99	0.00 RF
2023	RF240924	308662	202401	0.00	0.00	0.00	0.00 23SO	166.18-	166.18-RF
2023	RF240924	310242	202401	166.18-	0.00	0.00	0.00 23SO	166.18	0.00 RF
2023	RF240924	310242	202401	0.00	0.00	0.00	0.00 23SO	534.55-	534.55-RF
2023	RF240924	357168	202401	534.55-	0.00	0.00	0.00 23SO	534.55	0.00 RF
2023	RF240924	366200	202401	402.63-	0.00	0.00	0.00 23SO	402.63	0.00 RF
2023	RF240924	366200	202401	0.00	0.00	0.00	0.00 23SO	402.63-	402.63-RF
2023	RF240924	400975	202401	831.45-	0.00	0.00	0.00 23SO	831.45	0.00 RF
2023	RF240924	400975	202401	0.00	0.00	0.00	0.00 23SO	831.45-	831.45-RF
2023	RF240924	401071	202401	0.00	0.00	0.00	0.00 23SO	801.14-	801.14-RF
2023	RF240924	401071	202401	801.14-	0.00	0.00	0.00 23SO	801.14	0.00 RF
2023	RF240924	408707	202311	25.04-	0.00	0.00	0.00 23SO	25.04	0.00 RF
2023	RF240924	408707	202311	0.00	0.00	0.00	0.00 23SO	25.04-	25.04-RF
2023	RF240924	414764	202401	0.00	0.00	0.00	0.00 23SO	589.00-	589.00-RF
2023	RF240924	414764	202401	589.00-	0.00	0.00	0.00 23SO	589.00	0.00 RF

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TAX COLLECTION SYSTEM
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REVERSALS DETAIL SCHEDULE
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JURISDICTION: 337 FRIENDWD CITY

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INCLUDES AG ROLLBACK

YEAR	DEPOSIT	ACCOUNT NUMBER	EFF YR/MO	LEVY PAID	DISCOUNT GIVEN	PENALTY INTEREST	ATTORNEY CAUSE /REV	REFUND AMOUNT	PAYMENT AMOUNT CAT
2023	RF240924	606691	202401	1,326.93-	0.00	0.00	0.00 23S0	1,326.93	0.00 RF
2023	RF240924	606691	202401	0.00	0.00	0.00	0.00 23S0	1,326.93-RF	
2023	RF240924	612930	202401	599.11-	0.00	0.00	0.00 23S0	599.11	0.00 RF
2023	RF240924	612930	202401	0.00	0.00	0.00	0.00 23S0	599.11-RF	
2023	RF240924	733903	202401	0.00	0.00	0.00	0.00 23S0	517.88-	517.88-RF
2023	RF240924	733903	202401	517.88-	0.00	0.00	0.00 23S0	517.88	0.00 RF
2023	RF240924	739996	202401	0.00	0.00	0.00	0.00 23S0	939.37-	939.37-RF
2023	RF240924	739996	202401	939.37-	0.00	0.00	0.00 23S0	939.37	0.00 RF
2023	RF240924	747110	202408	590.68-	0.00	112.23-	140.58-CERT	0.00	843.49-RF
2023	RF240924	H1016289	202401	0.00	0.00	0.00	0.00 HK13	2.74-	2.74-RF
2023	RF240924	H1016289	202401	2.74-	0.00	0.00	0.00 HK13	0.00 RF	0.00 RF
2023	RF240924	H2282636	202401	0.00	0.00	0.00	0.00 HK13	6.18-	6.18-RF
2023	RF240924	H2282636	202401	6.18-	0.00	0.00	0.00 HK13	6.18	0.00 RF
2023	RF240924	H410110000140	202310	1,099.60-	0.00	0.00	0.00 HK13	1,099.60	0.00 RF
2023	RF240924	H410110000140	202310	0.00	0.00	0.00	0.00 HK13	1,099.60-	1,099.60-RF
2023	TOTAL			54,141.11-	0.00	182.80-	147.12-	0.00	54,471.03-

YEAR 2022
REFUNDS
RETURNED ITEMS
TRANSFERS/REVERSALS
TOTAL

3,159.72-
0.00
0.00
3,159.72-
0.00

0.00
0.00
0.00
0.00
0.00

3,197.94-
0.00
0.00
3,197.94-

YEAR 2023
REFUNDS
RETURNED ITEMS
TRANSFERS/REVERSALS
TOTAL

51,083.34-
1,461.80-
1,595.97-
54,141.11-
0.00

0.00
0.00
0.00
147.12-
0.00

51,083.34-
1,791.72-
1,595.97-
54,471.03-

ALL YEARS
REFUNDS
RETURNED ITEMS
TRANSFERS/REVERSALS
TOTAL

54,243.06-
1,461.80-
1,595.97-
57,300.83-
0.00

0.00
0.00
0.00
147.12-
0.00

54,281.28-
1,791.72-
1,595.97-
57,668.97-

SUMMARY OF PAYMENTS AND REVERSALS
FROM: 09/01/2024 THRU 09/30/2024
JURISDICTION: 337 FRIENDWD CITY

YEAR DEPOSIT	ACCOUNT NUMBER	EFF YR/MO	LEVY PAID	DISCOUNT GIVEN	PENALTY INTEREST	ATTORNEY CAUSE /REV	REFUND AMOUNT	PAYMENT AMOUNT
2018 TOTAL			13.15	0.00	10.52	4.73	0.00	28.40
2019 TOTAL			12.88	0.00	8.76	4.33	0.00	25.97
2020 TOTAL			91.66	0.00	37.68	18.54	0.00	147.88
2021 TOTAL			71.95	0.00	14.01	3.47	0.00	89.43
2022 TOTAL			2,609.35	0.00	827.51	664.82	0.00	4,101.68
2023 TOTAL			28,786.24	0.00	3,941.29	3,040.99	0.00	35,768.52
TOTAL PAYMENTS			31,585.23	0.00	4,839.77	3,736.88	0.00	40,161.88
2022 TOTAL			3,159.72-	0.00	38.22-	0.00	0.00	3,197.94-
2023 TOTAL			54,141.11-	0.00	182.80-	147.12-	0.00	54,471.03-
TOTAL REVERSALS			57,300.83-	0.00	221.02-	147.12-	0.00	57,668.97-
TOTAL FOR UNIT			25,715.60-	0.00	4,618.75	3,589.76	0.00	17,507.09-

FISCAL START: 08/01/2024 END: 07/31/2025 JURISDICTION: 0337 FRIENDWD CITY

	CERT TAXABLE VALUE	ADJUSTMENTS	ADJ TAX VALUE	TAX RATE	TAX LEVY	PAID ACCTS
CURRENT YEAR	5,274,185,590	12,923,979-	5,261,261,611 0	00.500728	241,889.73	18,384

YEAR	TAXES DUE	MONTH ADJ	ADJUSTMENT YTD	LEVY PAID	PAID YTD	BALANCE	COLL %	YTD UNCOLL
2023	305,039.31	63,149.58-	63,149.58-	53,707.53	53,707.53	188,182.20	22.20	0.00
2022	55,054.51	4,157.27-	4,157.27-	919.29	919.29	49,977.95	1.81	0.00
2021	31,053.08	391.85	391.85	151.14-	151.14-	31,596.07	.48-	0.00
2020	21,493.73	.00	0.00	317.04	317.04	21,176.69	1.48	0.00
2019	16,049.82	.00	0.00	69.32	69.32	15,980.50	.43	0.00
2018	12,965.90	.00	0.00	60.53	60.53	12,905.37	.47	0.00
2017	11,756.98	.00	0.00	6.26	6.26	11,750.72	.05	0.00
2016	10,199.74	.00	0.00	0.00	0.00	10,199.74		0.00
2015	9,922.71	.00	0.00	0.00	0.00	9,922.71		0.00
2014	11,057.05	.00	0.00	22.89	22.89	11,034.16	.21	0.00
2013	6,629.71	.00	0.00	0.00	0.00	6,629.71		0.00
2012	5,780.38	.00	0.00	0.00	0.00	5,780.38		0.00
2011	5,873.46	.00	0.00	0.00	0.00	5,873.46		0.00
2010	3,597.62	.00	0.00	0.00	0.00	3,597.62		0.00
2009	5,155.54	.00	0.00	0.00	0.00	5,155.54		0.00
2008	4,279.59	.00	0.00	0.00	0.00	4,279.59		0.00
2007	1,319.37	.00	0.00	0.00	0.00	1,319.37		0.00
2006	2,437.90	.00	0.00	0.00	0.00	2,437.90		0.00
2005	1,170.61	.00	0.00	0.00	0.00	1,170.61		0.00
2004	640.47	.00	0.00	0.00	0.00	640.47		0.00
2003	471.66	.00	0.00	0.00	0.00	471.66		0.00
2002	562.90	.00	0.00	0.00	0.00	562.90		0.00
****	522,512.04	66,915.00-	66,915.00-	54,951.72	54,951.72	400,645.32		0.00
CURR	305,039.31	63,149.58-	63,149.58-	53,707.53	53,707.53	188,182.20		0.00
DELTG	217,472.73	3,765.42-	3,765.42-	1,244.19	1,244.19	212,463.12		0.00

ALL PROPERTY

JURISDICTION: 0337 FRIENDWD CITY

	CERTIFIED ROLL	ROLL AS OF 08/01/2024	SUPPLEMENTS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 09/30/2024
LAND VALUE	7,378,007,830	7,378,007,830	0	382,422-	382,422-	7,377,625,408
AG EXCLUSION	32,425,077	32,425,077	0	0	0	32,425,077
IMPROVEMENTS	942,980,218	942,980,218	0	9,475,201-	9,475,201-	933,505,017
APPRAISED VALUE	7,378,007,830	7,378,007,830	0	9,857,623-	9,857,623-	7,368,150,207
EXEMPTIONS	2,071,397,163	2,071,397,163	0	3,066,356	3,066,356	2,074,463,519
TAXABLE VALUE	5,274,185,590	5,274,185,590	0	12,923,979-	12,923,979-	5,261,261,611
LEVY	305,039.31	305,039.31	.00	63,149.58-	63,149.58-	241,889.73
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE						
EXEMPTION COUNTS:						
HOMESTEADS	10,427	10,427	0	33	33	10,460
OVER 65	3,603	3,603	0	3	3	3,606
DISABLED	178	178	0	0	0	178
VETERAN	259	259	0	1	1	260
TOTAL EXEMPT	88	88	0	0	0	88

ALL PROPERTY

JURISDICTION: 0337 FRIENDWD CITY

	CERTIFIED ROLL	ROLL AS OF 08/01/2024	SUPPLEMENTS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 09/30/2024
LAND VALUE	6,593,325,295	6,593,325,295	0	118,992-	118,992-	6,593,206,303
AG EXCLUSION	32,486,183	32,486,183	0	0	0	32,486,183
IMPROVEMENTS	873,775,097	873,775,097	0	0	0	873,775,097
APPRAISED VALUE	6,593,325,295	6,593,325,295	0	118,992-	118,992-	6,593,206,303
EXEMPTIONS	1,782,152,718	1,782,152,718	0	851,918	851,918	1,783,004,636
TAXABLE VALUE	4,778,686,394	4,778,686,394	0	970,910-	970,910-	4,777,715,484
LEVY	55,054.51	55,054.51	.00	4,157.27-	4,157.27-	50,897.24
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	10,595	10,595	0	16	16	10,611
OVER 65	3,475	3,475	0	1	1	3,476
DISABLED	180	180	0	0	0	180
VETERAN	253	253	0	0	0	253
TOTAL EXEMPT	84	84	0	0	0	84

ALL PROPERTY

JURISDICTION: 0337 FRIENDWD CITY

	CERTIFIED ROLL	ROLL AS OF 08/01/2024	SUPPLEMENTALS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 09/30/2024
LAND VALUE	5,827,810,207	5,827,810,207	0	118,992-	118,992-	5,827,691,215
AG EXCLUSION	33,691,313	33,691,313	0	0	0	33,691,313
IMPROVEMENTS	775,157,465	775,157,465	0	50,210-	50,210-	775,107,255
APPRAISED VALUE	5,827,810,207	5,827,810,207	0	169,202-	169,202-	5,827,641,005
EXEMPTIONS	1,579,451,702	1,579,451,702	0	118,992-	118,992-	1,579,332,710
TAXABLE VALUE	4,214,667,192	4,214,667,192	0	50,210-	50,210-	4,214,616,982
LEVY	31,053.08	31,053.08	.00	391.85	391.85	31,444.93
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	10,298	10,298	0	0	0	10,298
OVER 65	3,255	3,255	0	0	0	3,255
DISABLED	181	181	0	0	0	181
VETERAN	240	240	0	0	0	240
TOTAL EXEMPT	84	84	0	0	0	84

ALL PROPERTY

JURISDICTION: 0337 FRIENDMD CITY

	CERTIFIED ROLL	ROLL AS OF 08/01/2024	SUPPLEMENTALS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 09/30/2024
LAND VALUE	5,043,274,252	5,043,274,252	0	118,992-	118,992-	5,043,155,260
AG EXCLUSION	27,337,308	27,337,308	0	0	0	27,337,308
IMPROVEMENTS	706,413,340	706,413,340	0	0	0	706,413,340
APPRAISED VALUE	5,043,274,252	5,043,274,252	0	118,992-	118,992-	5,043,155,260
EXEMPTIONS	1,218,139,975	1,218,139,975	0	118,992-	118,992-	1,218,020,983
TAXABLE VALUE	3,797,796,969	3,797,796,969	0	0	0	3,797,796,969
LEVY	21,493.73	21,493.73	.00	.00	.00	21,493.73
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	10,220	10,220	0	0	0	10,220
OVER 65	3,163	3,163	0	0	0	3,163
DISABLED	182	182	0	0	0	182
VETERAN	221	221	0	0	0	221
TOTAL EXEMPT	80	80	0	0	0	80

ALL PROPERTY

JURISDICTION: 0337 FRIENDWD CITY

	CERTIFIED ROLL	ROLL AS OF 08/01/2024	SUPPLEMENTALS THIS PERIOD	ADJUSTMENTS THIS PERIOD	NET CHANGE THIS PERIOD	ROLL AS OF 09/30/2024
LAND VALUE	4,537,437,822	4,537,437,822	0	118,992-	118,992-	4,537,318,830
AG EXCLUSION	24,683,691	24,683,691	0	0	0	24,683,691
IMPROVEMENTS	645,931,872	645,931,872	0	0	0	645,931,872
APPRAISED VALUE	4,537,437,822	4,537,437,822	0	118,992-	118,992-	4,537,318,830
EXEMPTIONS	1,018,439,121	1,018,439,121	0	118,992-	118,992-	1,018,320,129
TAXABLE VALUE	3,494,315,010	3,494,315,010	0	0	0	3,494,315,010
LEVY	16,049.82	16,049.82	.00	.00	.00	16,049.82
UNCOLLECTIBLE	.00	.00	.00	.00	.00	.00
RECEIVABLE					.00	
EXEMPTION COUNTS:						
HOMESTEADS	10,000	10,000	0	0	0	10,000
OVER 65	2,975	2,975	0	0	0	2,975
DISABLED	181	181	0	0	0	181
VETERAN	205	205	0	0	0	205
TOTAL EXEMPT	74	74	0	0	0	74

Summary of Jurisdiction Remittances Processed Property Tax File
For Remitted Deposit Dates 09/01/2024 thru 09/30/2024 as of 10/07/2024

Batch Seq
4653444

Report run on: October 7, 2024 1:57 PM

Tax Unit		M & O Total	I & S Total	TIF Levy	TIF Interest	Fee Total	Total
337 FRIENDWD CITY							
ACH 88379	Print Date:10/04/2024						
	Delq	10,409.54	3,316.50	0.00	0.00	0.00	13,726.04
Last Deposit Date	09/06/2024	\$10,409.54	\$3,316.50	\$0.00	\$0.00	\$0.00	\$13,726.04
ACH 88420	Print Date:10/04/2024						
	Delq	4,734.93	1,440.89	0.00	0.00	0.00	6,175.82
Last Deposit Date	09/13/2024	\$4,734.93	\$1,440.89	\$0.00	\$0.00	\$0.00	\$6,175.82
ACH 88462	Print Date:10/04/2024						
	Delq	3,535.17	1,119.46	0.00	0.00	0.00	4,654.63
Last Deposit Date	09/20/2024	\$3,535.17	\$1,119.46	\$0.00	\$0.00	\$0.00	\$4,654.63
Total:		\$18,679.64	\$5,876.85	\$0.00	\$0.00	\$0.00	\$24,556.49

**FRIENDSWOOD CITY COUNCIL
AGENDA ITEM FORM**

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: November 4, 2024

Date submitted: 09/30/2024

Prepared by: Leticia Brysch, Assistant City Manager/City Secretary

Subject: Consider approving the minutes of the City Council Regular Meeting held on October 7, 2024.

Originating Department: City Secretary

Degree of importance:

SUMMARY / ORIGINATING CAUSE

This item allows the City Council to review and approve the minutes of the City Council Regular Meeting held on October 7, 2024. A copy of the draft minutes is attached for your review.

IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

RECOMMENDATIONS

Staff recommends approval.

ATTACHMENTS

- 1. 2024 10 07 CC Meeting Minutes (DRAFT)

**MINUTES OF THE REGULAR MEETING OF THE
CITY COUNCIL OF THE CITY OF FRIENDSWOOD
OCTOBER 7, 2024**

THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD MET IN A REGULAR MEETING ON MONDAY, OCTOBER 7, 2024, AT 5:30 P.M. IN THE COUNCIL CHAMBERS OF THE FRIENDSWOOD CITY HALL, LOCATED AT 910 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS, WITH THE FOLLOWING MEMBERS PRESENT CONSTITUTING A QUORUM:

Trish Hanks	Councilmember
Sally Branson	Councilmember
Robert J. Griffon	Councilmember
Joe Matranga	Mayor Pro Tem
Brent Erenwert	Councilmember
Mike Foreman	Mayor
Morad Kabiri	City Manager
Karen Horner	City Attorney
Leticia Brysch	City Secretary

1. CALL TO ORDER

Mayor Foreman called the meeting to order with a quorum present at 5:30 P.M. All members were present with the exception of the absence of Councilmember John Ellisor.

2. INVOCATION

The invocation was led by City Manager Morad Kabiri.

3. PLEDGE OF ALLEGIANCE - United States and State of Texas

Mayor Foreman led the Pledge of Allegiance of the United States and the Pledge to the State of Texas.

4. COUNCIL FOR A DAY

A. Consider a proclamation declaring October 7, 2024, as Wedgewood Elementary School Day in the City of Friendswood.

Mayor Foreman introduced the students and teachers from Wedgewood Elementary. He noted the Council for a Day Program allows second graders from the four elementary schools in Friendswood to “take over” the council dais and sit-in for the Council and Staff. The participants included the following:

Position	Student Name	Teacher Name
Councilmember 1 (Ellisor)	Madilyn Powell	Ms. Mayo
Councilmember 2 (Branson)	Nora Sanford	Ms. Brosseit-Aguiree
Councilmember 3 (Hanks)	Braedyn Brown	Ms. Nettles

Mayor (Foreman)	Savannah Johnston	Ms. Davis
Councilmember 4 (Griffon)	Logan Alley	Ms. Brosseit-Aguiree
Councilmember 5 (Matranga)	Jeremiah Gradnigo	Ms. Brosseit-Aguiree
Councilmember 6 (Erenwert)	Marina Mihajlovska	Ms. Mayo
City Attorney (Horner)	Claire Emig	Ms. Davis
City Manager (Kabiri)	Lincoln Peterman	Ms. Davis
City Secretary (Brysch)	Elle Whitehead	Ms. Nettles

A motion was made by Councilmember Madilyn Powell (John Ellisor) and seconded by Councilmember Nora Sanford (Sally Branson) proclaiming October 7, 2024, as Wedgewood Elementary School Day in the City of Friendswood. The vote was the following:

Ayes: Mayor Savannah Johnston (Mike Foreman), Councilmember Braedyn Brown (Trish Hanks), Councilmember Madilyn Powell (John Ellisor), Councilmember Nora Sanford (Sally Branson), Councilmember Logan Alley (Robert J. Griffon), Councilmember Jeremiah Gradnigo (Joe Matranga) and Councilmember Marina Mihajlovska (Brent Erenwert)

Nays: None

The item passed unanimously.

At 5:43 P.M., Mayor Foreman recessed the meeting for the Council for a Day reception.

At 5:53 P.M., Mayor Foreman reconvened the meeting.

5. COUNCIL COMMENTS AND REPORTS

Mayor Foreman opened the item inviting the Councilmembers to provide their comments and reports. Councilmember Branson took a moment to thank City Staff for hosting National Night Out. She also shared that an article, Small Seed Living, named six Houston neighborhoods as the best small cities in America with the City of Friendswood being number one. Councilmember Hanks commented over her experience attending the event of the last call for Friendswood EMS volunteers. She expressed her appreciation to everyone as it was a testament to the spirit of volunteerism in their community.

Councilmember Griffon announced that the Clear Creek Watershed Steering Committee meeting scheduled for tomorrow has been cancelled. He also reported over the success of the Anson Jones Masonic Lodge Annual Golf Tournament this past Monday and thanked everyone for their support. Mayor Pro Tem Matranga reported that a private non-profit has been created to support Friendswood's Animal Control Shelter named Fans of Friendswood. Mayor Foreman closed the comments by thanking his fellow Councilmembers for taking over the previous meeting in his absence.

6. PUBLIC COMMENT

Mayor Foreman announced a citizen, Mr. Chris Johnson, had signed up to speak on the item.

Mr. Johnson spoke before the Council to comment on Item 12.A., regarding reappointing Councilmember Branson to the Houston-Galveston Area Council (H-GAC). He requested the item to be pulled from the Consent Agenda for further discussion for citizens to understand what Friendswood's interaction is with that board as it relates to regional transportation projects.

7. COMMITTEES OR SPECIAL REPORTS

A. Receive the Senior Citizens Advisory Committee Annual Report.

As the report was attached to their agenda packet, Mayor Foreman considered the report received.

B. Receive the Chamber of Commerce Annual Report.

Friendswood Chamber of Commerce Chairman Denise Spruiell provided the following highlights from the Chamber's Annual Report:

- The Chamber partnered with the City for Santa in the Park and the Christmas lights parade.
- They hosted the "State of the City" luncheon for the Mayor in March.
- The Annual Car Show was hosted in conjunction with the Farmer's Market in April.
- "Party on the Patio," a reception for businesses, was held in May.
- A "Lunch and Learn" on hurricane awareness was presented by the Fire Marshal's Office in June.
- The Chamber co-hosted the "State of the District" with Friendswood Independent School District (FISD) in September.
- A candidates' forum for the FISD School Board election was hosted last Thursday.
- The Chamber partnered with Friends of Downtown Friendswood Association (FDFA) to promote the "Shop Local Love Friendswood" gift card.

8. WORK SESSION TOPICS

A. Receive and discuss the City of Friendswood Library and Community Center needs assessment studies.

Engineering Assistant Director Michael Medwedeff prefaced the item for Council. He noted that the Friendswood Library and Community Center needs assessments were identified in the City's long-range study approved by Council in March 2023. PGAL was retained to provide surveys, cost estimates, and assessments for both facilities. Multiple meetings helped identify current deficiencies and future needs. Both the Library and Community Center are aging and performing functions they were not intended or programed for. With that note, Mr. Medwedeff turned the floor over to their PGAL Representative.

PGAL Representative Ryan Bass then provided a presentation to Council with the following highlights:

- *Proposed New Community Center:* A three-story building with stacked functions across levels, as identified by the department's needs, with a possible park amenity. Permeable pavement parking spaces will be included to enhance site aesthetics and meet stormwater requirements. Two gymnasiums and a

walking track are included to support the growing senior and youth programs. The third floor will offer leasable office space for potential partners.

- *Cost Estimate for Community Center:* The total estimated cost for the fully built-out Community Center, as presented, is projected at \$47.17 million. However, additional cost options were provided omitting certain spaces that were presented which reduced the cost.
- *Library Renovation and Expansion:* The library has received upgrades but still requires improvements to HVAC, electrical systems, and plumbing. The expansion will also add space, primarily focusing on administrative areas and community meeting rooms. It was also highlighted that the expansion will create spaces for STEM and maker space activities, particularly for homeschoolers.
- *Cost Estimate for Library:* The projected total cost for the renovation and expansion is \$13.86 million.

The Councilmembers then engaged Mr. Bass and City Staff with inquiries about this project and the designs presented. City Manager Morad Kabiri noted that this project is not funded beyond the design work PGAL completed. In order to accomplish this, it would require partners and a potential bond election.

9. CITY MANAGER'S REPORT

A. Receive and update regarding National Night Out on October 1, 2024.

City Manager Morad Kabiri opened his report by presenting a few images of the National Night Out event that took place this past Tuesday. He thanked everyone that participated in the event.

B. Recognize City Secretary Administrative Assistant Linda Newsted for successfully completing the Texas Municipal Clerks Association (TMCA) Certification Program.

City Manager Morad Kabiri recognized City Secretary Administrative Assistant Linda Newsted for recently completing the Texas Municipal Clerks Associations (TMCA) Certification Program.

C. Receive an update regarding the Friendswood Public Library Summer Reading Program.

City Manager Morad Kabiri presented the following figures on the Library's Summer Reading Program:

CHILDREN AND YOUNG ADULT (2024)	
Number of Programs	158
Participants in Reading Challenge	1,338
Number of Attendees	9,163
Minutes Read	743,920
Teen Volunteer Hours	272
Children's/Young Adult Books Checked Out	33,685

ADULT SERVICES (2024)	
Number of Programs	135
Participants in Reading Challenge	222
Number of Attendees	1,703
Minutes Read	192,247
Home Deliveries & Outreach Programs	75

10. BUSINESS ITEMS

A. Consider authorizing an interlocal agreement with the Harris-Galveston Subsidence District to participate in the Water Conservation School Program, H2O Lab for 2024-2025.

City Manager Morad Kabiri explained that the item is a contract with the Harris-Galveston Subsidence District. The Water Conservation School Program, H2O Lab, is a tool to educate third graders on water conservation. The City, in exchange for its participation, receives groundwater credits in case they cannot use surface water resources during drier months. The program costs the City around \$19,000 and would be paid through the Water and Sewer Fund. Mr. Kabiri noted that if the City exceeds water usage thresholds, penalties would be significantly higher than what the City charges residents. The City would be charged \$5 to \$7 per 1,000 gallons, as compared to \$2 per 1,000 gallons.

A motion was made by Councilmember Hanks and seconded by Councilmember Matranga, to authorize an interlocal agreement with the Harris-Galveston Subsidence District to participate in the Water Conservation School Program, H2O Lab for 2024-2025. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, and Mayor Pro Tem Joe Matranga

Nays: Councilmember Brent Erenwert and Councilmember Robert J. Griffon

Absent: Councilmember John Ellisor

The item passed 4-2.

B. Consider authorizing a contract with Galveston County Health District for Water Pollution and Abatement Services for 2024-2025.

City Manager Morad Kabiri relayed that the item is an annual contract with the Galveston County Health District for assistance in pollution abatement of city streams. Councilmember Griffon inquired over other options. Mr. Kabiri noted that the Health District remains the most cost-effective solution. Mayor Pro Tem Matranga noted the cost for the contract is \$30,779, an increase of \$1,000 from the previous year.

A motion was made by Councilmember Branson and seconded by Councilmember Griffon, to authorize a contract with Galveston County Health District for Water Pollution and Abatement Services for 2024-2025. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Councilmember Robert J. Griffon, Mayor Pro Tem Joe Matranga, and Councilmember Brent Erenwert

Nays: None

Absent: Councilmember John Ellisor

The item passed unanimously.

11. ORDINANCES & RESOLUTIONS

A. Consider an ordinance amending the City's General Budget for Fiscal Year 2023-2024 by approving "Budget Amendment XI" and providing for supplemental appropriation and/or transfer of certain funds.

A motion was made by Councilmember Branson and seconded by Councilmember Erenwert to approve Ordinance No. 2024-31, related to Item 11.A., as submitted. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Mayor Pro Tem Joe Matranga, and Councilmember Brent Erenwert

Nays: Councilmember Robert J. Griffon

Absent: Councilmember John Ellisor

The item passed 5-1.

ORDINANCE 2024-31

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, AMENDING ORDINANCE NO. 2023-20, PASSED AND APPROVED AUGUST 28, 2023, THE SAME BEING AN ORDINANCE APPROVING AND ADOPTING THE CITY'S GENERAL BUDGET FOR FISCAL YEAR 2023-24, BY APPROVING "BUDGET AMENDMENT XI" THERETO; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; PROVIDING FOR OTHER MATTERS RELATED TO THE SUBJECT; AND PROVIDING FOR THE EFFECTIVE DATE.

B. Consider an ordinance amending the City's General Budget for Fiscal Year 2024-25 by approving "Budget Amendment I" and providing for supplemental appropriation and/or transfer of certain funds.

A motion was made by Councilmember Branson and seconded by Councilmember Matranga to approve Ordinance No. 2024-32, related to Item 11.B., as submitted. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Councilmember Robert J. Griffon, Mayor Pro Tem Joe Matranga, and Councilmember Brent Erenwert

Nays: None

Absent: Councilmember John Ellisor

The item passed unanimously.

ORDINANCE 2024-32

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, AMENDING ORDINANCE NO. 2024-25, PASSED AND APPROVED AUGUST 26, 2024, THE SAME BEING AN ORDINANCE APPROVING AND ADOPTING THE CITY'S GENERAL BUDGET FOR FISCAL YEAR 2024-25, BY APPROVING "BUDGET AMENDMENT I" THERETO; PROVIDING FOR SUPPLEMENTAL APPROPRIATION AND/OR TRANSFER OF CERTAIN FUNDS; PROVIDING FOR SEVERABILITY; PROVIDING FOR OTHER MATTERS RELATED TO THE SUBJECT; AND PROVIDING FOR THE EFFECTIVE DATE.

C. Consider on second and final reading an ordinance renaming Mills Drive to Mills Lane.

A motion was made by Councilmember Branson and seconded by Councilmember Griffon to approve Ordinance No. 2024-33, related to Item 11.C., as submitted. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Councilmember Robert J. Griffon, Mayor Pro Tem Joe Matrang, and Councilmember Brent Erenwert

Nays: None

Absent: Councilmember John Ellisor

The item passed unanimously.

ORDINANCE 2024-33

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, RENAMING MILLS DRIVE TO MILLS LANE; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF

D. Consider an ordinance on second and final reading amending Appendix D "Schedule of Fees, Rates, Charges, Deposits, Bonds and Insurance Amounts" of the Friendswood City Code to add fees for Emergency Medical Service's patient medical records.

A motion was made by Councilmember Hanks and seconded by Councilmember Branson to approve Ordinance No. 2024-34, related to Item 11.D., as submitted. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Councilmember Robert J. Griffon, Mayor Pro Tem Joe Matrang, and Councilmember Brent Erenwert

Nays: None

Absent: Councilmember John Ellisor

The item passed unanimously.

ORDINANCE 2024-34

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, AMENDING APPENDIX D "SCHEDULE OF FEES, RATES, CHARGES, DEPOSITS, BOND AND INSURANCE AMOUNTS" OF THE FRIENDSWOOD CITY CODE TO ADD FEES FOR EMERGENCY MEDICAL SERVICE RECORDS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HERewith; PROVIDING FOR SEVERABILITY, PUBLICATION AND THE EFFECTIVE DATE

E. Consider a resolution amending Resolutions Nos. R2008-54 and R2008-103 to further define improvements that are eligible for incentives in Neighborhood Empowerment Zone #1 and to refine the incentives available.

City Manager Morad Kabiri provided a summary of the item for Council. He explained that the City established the Neighborhood Empowerment Zone #1 in 2008 following the establishment of their Downtown District. The Zone entailed reduced setback requirements and waived development fees, including building permit fees and impact fees, as an encouragement for development. Over the years, infrastructure improvements such as sidewalks and lighting were added. As such, Staff is recommending that there is no need to continue waiving fees for everything, like water heater replacements where the City sends out inspectors. However, waived fees would still apply to larger, whole-scale redevelopments.

A motion was made by Councilmember Hanks and seconded by Councilmember Griffon to approve Resolution No. 2024-30, related to Item 11.E., as submitted. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Councilmember Robert J. Griffon, Mayor Pro Tem Joe Matranga, and Councilmember Brent Erenwert

Nays: None

Absent: Councilmember John Ellisor

The item passed unanimously.

RESOLUTION 2024-30

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, AMENDING RESOLUTION NOS. R2008-54 AND R2008-103 TO FURTHER DEFINE IMPROVEMENTS THAT ARE ELIGIBLE FOR INCENTIVES IN NEIGHBORHOOD EMPOWERMENT ZONE #1 AND TO REFINER THE INCENTIVES AVAILABLE; REPEALING RESOLUTIONS INCONSISTENT OR IN CONFLICT HERewith; AND PROVIDING AN EFFECTIVE DATE.

F. Consider a resolution accepting the Preliminary Service and Assessment Plan for authorized improvements within the Friendswood City Center Public Improvement District and setting a public hearing on the proposed levy of assessments.

City Manager Morad Kabiri summarized the Preliminary Service and Assessment Plan (SAP) for the Friendswood City Center Public Improvement District (PID) to Council. The PID is a funding mechanism for infrastructure improvements which would be broken down into two categories. The initial public

improvements will include road extensions and various internal street construction. The second phase of infrastructure would be the continuation of roadways, drainage, water and wastewater systems, landscaping, park amenities, and a fire station. The costs are divided into District (PID) and Non-District costs. District costs solely benefit PID property owners as they pay that additional tax, while Non-District costs benefit the broader community. For example, 12% of the fire station's cost is covered by the PID, and 87% by the Tax Increment Reinvestment Zone (TIRZ).

Mr. Kabiri further reviewed the Council actions to date, including accepting the PID petition, holding a public hearing, and adopting the resolution that authorized the City Center PID. Tonight's resolution seeks approval of the SAP, which covers a five-year period and outlines the costs, indebtedness, and assessment roll for properties within the PID. Future actions will involve holding a public hearing on the levying of assessments, approving the PID bond sales, and finalizing the SAP.

Councilmember Griffon asked about the timing for issuing the PID bonds and the amount to be raised. Mr. Kabiri confirmed the bond issuance would be \$37 million. Councilmember Griffon then inquired how the fire station's portion would be assessed, and Mr. Kabiri clarified that the City does not assess itself. However, the 12% share for the fire station would be paid by private property owners within the PID. He confirmed the developers were fully aware of these terms and had been involved in drafting the plan. Councilmember Griffon raised additional concerns regarding drainage, asking if Harris County Flood Control District approved the detention plans. Mr. Kabiri confirmed both the City's Engineering Department and Harris County Flood Control had signed off on the drainage plans. Further discussion ensued regarding the timelines, drivers of costs, and matters concerning the PID property owners.

A motion was made by Councilmember Griffon and seconded by Councilmember Matranga to approve Resolution No. 2024-31, related to Item 11.F., as submitted. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Councilmember Robert J. Griffon, Mayor Pro Tem Joe Matranga, and Councilmember Brent Erenwert

Nays: None

Absent: Councilmember John Ellisor

The item passed unanimously.

RESOLUTION 2024-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, ACCEPTING THE PRELIMINARY SERVICE AND ASSESSMENT PLAN FOR AUTHORIZED IMPROVEMENTS WITHIN THE FRIENDSWOOD CITY CENTER PUBLIC IMPROVEMENT DISTRICT; SETTING A DATE FOR PUBLIC HEARING ON THE PROPOSED LEVY OF ASSESSMENTS; AUTHORIZING THE PUBLICATION AND MAILING OF NOTICE; ENACTING OTHER PROVISIONS RELATING THERETO; AND PROVIDING FOR THE EFFECTIVE DATE.

12. CONSENT AGENDA

A motion was made by Councilmember Hanks and seconded by Councilmember Griffon to approve Consent Agenda Items 12.C. and 12.N., as Items 12.A. and 12.B. were pulled for further discussion. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Councilmember Robert J. Griffon, Mayor Pro Tem Joe Matranga, and Councilmember Brent Erenwert

Nays: None

Absent: Councilmember John Ellisor

The item passed unanimously.

A. Consider a resolution designating Sally Branson as representative and Mike Foreman as alternate to the Houston-Galveston Area Council 2025 General Assembly and Board of Directors.

Mayor Foreman took a moment to praise Councilmember Branson's excellent service in her role as the City of Friendswood representative to the Houston-Galveston Area Council (H-GAC). Councilmember Branson shared over her experience and added her thoughts on the value of H-GAC, emphasizing the importance of teamwork amongst the counties and highlighting their partnerships with other agencies. The Mayor also pointed out that she had also chaired the board of directors of the H-GAC.

A motion was made by Councilmember Hanks and seconded by Councilmember Erenwert to approve Resolution No. 2024-33, related to Item 12.A., as submitted. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Councilmember Robert J. Griffon, Mayor Pro Tem Joe Matranga, and Councilmember Brent Erenwert

Nays: None

Absent: Councilmember John Ellisor

The item passed unanimously.

RESOLUTION NO. 2024-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, DESIGNATING THE CITY OF FRIENDSWOOD'S REPRESENTATIVE AND ALTERNATE TO THE GENERAL ASSEMBLY OF THE HOUSTON GALVESTON AREA COUNCIL FOR THE YEAR 2025; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.

B. Consider a resolution regarding nomination(s) to the board of Directors of the Galveston Central Appraisal District (GCAD) for a two-term set to begin January 1, 2025, and end on December 31, 2026.

Councilmember Griffon raised a concern about one of the nominees possibly being term-limited and questioned why someone ineligible would be nominated. City Secretary Leticia Brysch took a moment to explain the nomination process. The Council discussed and inquired if there were potential term limits, but there was uncertainty. Staff agreed to review the legislative wording and confirmed that Council could remove nominees before the next month's vote. With that, Councilmember Griffon nominated Ms. Cheryl Johnson, a current non-voting member, on the board as a voting-member. City Attorney Karen Horner noted that Ms. Johnson might not be able to serve two positions on the board. Staff would check.

A motion was made by Councilmember Griffon and seconded by Mayor Foreman to approve Resolution No. 2024-34, related to Item 12.B., approving the nomination(s) with the addition of Ms. Cheryl Johnson to the board of Directors of the Galveston Central Appraisal District (GCAD), contingent on the nominees' eligibility. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Sally Branson, Councilmember Robert J. Griffon, Mayor Pro Tem Joe Matranga, and Councilmember Brent Erenwert

Nays: None

Absent: Councilmember John Ellisor

The item passed unanimously.

RESOLUTION NO. 2024-34

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, NOMINATING ONE OR MORE CANDIDATES FOR POSITIONS ON THE BOARD OF DIRECTORS OF THE GALVESTON CENTRAL APPRAISAL DISTRICT; AND PROVIDING FOR AN EFFECTIVE DATE.

C. Consider a resolution regarding nomination(s) to the Board of Directors of the Harris Central Appraisal District (HCAD) for terms beginning January 1, 2025, and expiring December 31, 2026.

RESOLUTION NO. 2024-32

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, NOMINATING A CANDIDATE FOR A POSITION ON THE BOARD OF DIRECTORS OF THE HARRIS CENTRAL APPRAISAL DISTRICT; AND PROVIDING AN EFFECTIVE DATE.

D. Consider authorizing a Professional Services Agreement for a Wastewater Master Plan with Freese and Nichols, Inc.

- E. Consider ratifying the City Manager’s signature and authorizing a Regional Strategic Transportation Fund Interlocal Agreement with the Houston-Galveston Area Council for a transportation project regarding intersection improvements at FM 518 and FM 528.**
- F. Consider ratifying the City Manager’s signature and authorizing a Regional Strategic Transportation Fund Interlocal Agreement for a transportation project regarding intersection improvements at FM 528 at West Bay Area Blvd. with Houston-Galveston Area Council.**
- G. Consider authorizing the Friendswood Downtown Economic Development Corporation to expend funds for the design and placement of artwork on traffic control boxes in the City of Friendswood’s Downtown District and authorizing an Art Services Agreement with UP Art Studio, LLC, for such services.**
- H. Consider appointing (i) Kaye Corey, (ii) Kelly Browning (iii) Betty Moreno, (iv) Paula Matranga, (v) Brandee Fernandez, (vi) Mary Wise, and (vii) Dianna Hall, to the Keep Friendswood Beautiful Committee for three-year terms beginning November 1, 2024 and ending October 31, 2027.**
- I. Consider appointing (i) Vickie Hefner (ii) David O’Brien, and (iii) Carol Tomlinson to the Senior Citizen’s Advisory Committee for three-year terms beginning November 1, 2024 and ending October 31, 2027.**
- J. Consider appointing Cynthia Bowman to the Investment Committee for a three-year term beginning November 1, 2024.**
- K. Consider appointing Laurie Spangle to the Library Advisory Board to complete an unexpired term effective immediately and ending on June 30, 2027.**
- L. Consider approving the ad valorem tax report for August 2024.**
- M. Consider approving the minutes of the City Council Regular Meeting held on September 9, 2024.**
- N. Consider approving the minutes of the City Council Joint Meeting held on September 23, 2024.**

13. ADJOURNMENT

With there being no further business, Mayor Foreman adjourned the October 7, 2024, City Council Regular Meeting at 6:54 P.M.

Mike Foreman, Mayor

Attest:

Leticia Brysch, City Secretary